



**SAKTHI FINANCE LIMITED**

**KEY INFORMATION DOCUMENT (“KID”) AS PER SCHEDULE I OF THE SEBI (ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES) REGULATIONS, 2021**

Our Company was originally incorporated as “The Pollachi Credit Society Private Limited” on March 30, 1955 under the Indian Companies Act 1913. Our Company was later converted into a public limited company and the name of our Company was changed to “Sakthi Finance Limited” on July 27, 1967 vide a fresh Certificate of Incorporation obtained from Registrar of Companies, Madras. The Corporate Identity Number of our Company is L65910TZ1955PLC000145. The PAN of our Company is AADCS0656G. Our Company is registered as a Non-Banking Financial Company under Section 45-IA of the Reserve Bank of India Act 1934 (2 of 1934) and has been classified as an “NBFC ML Investment and Credit Company-Deposit -Taking” and have been issued a Certificate of Registration Number 07-00252 in pursuance of the same.

**Registered & Corporate Office:** 62, Dr. Nanjappa Road, Post Box No. 3745, Coimbatore - 641 018, Tamil Nadu

**Tel No:** +91 (422) 2231471-474/4236200; **Fax No:** +91 (422) 2231915; **Website:** www.sakthifinance.com

**Company Secretary and Compliance Officer:** Sri. C.Subramaniam; **Tel No:** +91 (422) 4236238; **Email:** csuabramaniam@sakthifinance.com

**Chief Financial Officer:** Sri. Srinivasan Anand; **Telephone No.:** +91 (422) 4236301; **E-mail:** sanand@sakthifinance.com

**Statutory Auditors:** M/s CSK Prabhu & Co., Chartered Accountants (FRN 002485S)

**Address:** F4, Fourth Floor, Srivari Kikani Centre 2, Krishnaswamy Mudaliar Road, Coimbatore - 641 002

**Telephone No.:** +91 (422) 2552437; **Email:** csk@cskprabhu.com; **Contact Person:** Sri. CSK Prabhu

**ISSUE OF RATED SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF ₹ 1,00,000 EACH (“NCDs”) ON PRIVATE PLACEMENT BASIS FOR AN AMOUNT OF ₹ 4.95 CRORES**

**KEY INFORMATION DOCUMENT (“KID”)**

This Key Information Document dated 7 June 2024, is issued in conformity with the Companies Act, 2013, as amended from time to time, Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 dated August 09, 2021, as amended from time to time read with the SEBI master circular for Issue and Listing of Non-Convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper dated August 10, 2021, as amended from time to time, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 dated September 02, 2015, as amended from time to time; Section 42 of the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014.

**KEY INFORMATION DOCUMENT DATED 7 JUNE 2024**

This Key Information Document shall be read in conjunction with the General Information Document having Reference 1/FY 2024-25 dated 30 May 2024, the debenture trust deed(s) and the other transaction Documents and it is agreed between the debenture trustee and the Company that in case of any inconsistency or conflict between this key information document, the general information document and the debenture trust deed, the provisions of the Key Information Document shall prevail and override the provisions of the other transaction documents.

**ISSUER'S ABSOLUTE RESPONSIBILITY**

The issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Key Information Document contains all information with regard to the Issuer and the issue which is material in the context of the issue, that the information contained in the Key Information Document is true and correct in all material aspects and is not misleading, that the opinions and intentions expressed herein are honestly stated and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading.

**OUR PROMOTERS**

**Dr. M. Manickam - Telephone:** +91 (422) 2221991; **Email:** mmanickam@sakthisugars.com; **Sri. M. Balasubramaniam - Telephone:** +91 (422) 4236200; **Email:** balumahalingam@sakthifinance.com.

**UNDERTAKING OF THE ISSUER**

Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Offer including the risks involved. The securities have not been recommended or approved by any of the regulatory authority in India, including the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the statement of 'Risk factors' under the Section 'General Risks'.

Sakthi Finance Limited having made all reasonable inquiries, accepts responsibility for and confirms that this Key Information Document contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the Information contained in this Key Information Document is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and there are no other facts, the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

The Issuer has no side letter with any debt securities holder except the one(s) disclosed in the Key Information Document. Any covenants later added shall be disclosed on the stock exchange website where the debt is listed.

**GENERAL RISKS**

Investment in non-convertible securities involve a degree of risk and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the issue including the risks involved in it. Specific attention of investors is invited to statement of risk factors contained under Section II of the General Information Document. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the non-convertible securities or investor's decision to purchase such securities.

**RISKS IN RELATION TO TRADING OF SECURITIES**

No assurance can be given regarding an active or sustained trading in the securities of the Company/Issuer nor regarding the price at which the securities will be traded after listing.

**CREDIT RATING**

The NCDs proposed to be issued by our Company have been rated by ICRA Limited (“ICRA”). ICRA has vide its Ref. No. ICRA/Sakthi Finance Limited//02022024/1 dated February 2, 2024 assigned a rating of “[ICRA] BBB (Stable)” for an amount up to ₹ 150 crore. The rating of the NCDs by ICRA indicates moderate degree of safety regarding timely servicing of Financial obligations and carry moderate credit risk.

CREDIT RATING AGENCY	REGISTRAR TO THE ISSUE	DEBENTURE TRUSTEE*
 Electric Mansion, 3rd Floor, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400025 <b>Tel:</b> +91 22 61143406; <b>Fax:</b> +91 22 24331390 <b>Email:</b> r.srinivasan@icraindia.com; <b>Website:</b> www.icra.in <b>SEBI Registration No:</b> IN/CRA/008/2015	 <b>LINK INTIME INDIA PRIVATE LIMITED</b> C-101, 247 Embassy Park, 1st Floor, L.B.S. Marg, Vikhroli West Mumbai 400 083 Maharashtra, India <b>Tel No :</b> +91 (22) 4918 6200 <b>Fax No :</b> +91 (22) 4918 6195, +91 (22) 49186060 <b>Email :</b> debtea@linkintime.co.in <b>Website :</b> www.linkintime.co.in <b>Investor Grievance Email :</b> debtea@linkintime.co.in <b>Contact person:</b> Shanti Gopalkrishnan <b>SEBI Registration No:</b> INR000004058 <b>CIN :</b> U67190MH1999PTC118368	 <b>CATALYST TRUSTEESHIP LIMITED</b> “GDA House”, Plot No 85, Bhusari Colony (Right), Paud Road, Pune – 411038 <b>Tel :</b> + 91 022 49220555; <b>Fax :</b> + 91 022 49220505 <b>Email :</b> ComplianceCTL-Mumbai@ctltrustee.com <b>Website :</b> http://catalysttrustee.com <b>Investor Grievance Email:</b> https://grievance@ctltrustee.com <b>Contact person:</b> Ms. Deesha Trivedi <b>Compliance Officer:</b> Ms. Kalyani Pandey <b>SEBI Registration No:</b> IND000000034 <b>CIN:</b> U74999PN1997PLC110262

\* Catalyst Trusteeship Limited has, vide its letter dated May 3, 2024, given its consent for its appointment as Debenture Trustee to the Issue, pursuant to Regulation 8 of the SEBI NCS Regulations and for its name to be included in this Issue Document and in all the subsequent periodical communications sent to the holders of the Debentures issued pursuant to this Issue.

## The Issue Schedule

<b>Date of Opening of the Issue</b>	5 June 2024			
<b>Date of Closing of the Issue</b>	5 June 2024			
<b>Date of Earliest Closing of the Issue, if any</b>	Not Applicable			
<b>Deemed Date of Allotment</b>	7 June 2024			
<b>Option*</b>	I (36 Months)	II (36 Months)	III (60 Months)	IV (60 Months)
<b>Coupon / Dividend Rate</b>	9.50	9.50	10.25	10.25
<b>Coupon Payment Frequency</b>	Monthly	Cumulative**	Monthly	Cumulative**
<b>Yield</b>	9.50	10.43	10.25	12.58
<b>Redemption Date</b>	7 June 2027	7 June 2027	7 June 2029	7 June 2029
<b>Put Option</b>	Not Applicable			
<b>Redemption Amount</b>	2.10 crores	0.50 crores	1.85 crores	0.50 crores
<b>Details of Underwriting of the Issue</b>	Not Applicable			

\* subject to applicable tax deducted at source, if any. In case of customer who has not initiated action for linking Aadhar with PAN, tax will be deducted at the applicable higher rates.

\*\* Further, in case of Cumulative Options for the purpose of deduction of tax interest will be deemed to accrue every year and tax will be deducted on the accrued interest in each financial year, if required.

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## SECTION I

### DEFINITIONS AND ABBREVIATIONS

This KID uses certain definitions and abbreviations which, unless the context indicates or implies otherwise, have the meaning as provided below. References to any legislation, act or regulation, rules, guidelines, policies shall be to such term, as amended from time to time.

“Issuer”, “SFL”, “our Company”, “the Company” “Our” “Us” or “We”	Sakthi Finance Limited, a public limited company incorporated under the Indian Companies Act 1913, registered as a Non-Banking Financial Company with the Reserve Bank of India under Section 45-IA of the RBI Act 1934 and has been classified as an Investment and Credit Company - Deposit taking- Middle Layer”. Our Registered Office is at 62, Dr. Nanjappa Road, Post Box No. 3745, Coimbatore - 641 018, Tamil Nadu.
Articles	Articles of Association of the Company
Allot/Allotment/Allotted	means the allotment of any Debentures pursuant to the Debt Disclosure Documents.
Applicable Law	means all applicable statutes, enactments or acts of any legislative body in India, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines, policies, directions, directives and orders of any Governmental Authority and any modifications or reenactments thereof.
Applicant	means, in respect of any series of Debentures issued pursuant to the General Information Document and this Key Information Document for the relevant issuance of Debentures, a person who has submitted a completed
Application Form	means, in respect of any series of Debentures issued pursuant to the General Information Document and this Key Information Document for the relevant issuance of Debentures, the form used by the recipient of the relevant Key Information Document, to apply for subscription to the Debentures offered pursuant to such Key Information Document, which is in the form annexed to the relevant Key Information Document
Application Money	means, in respect of any series of Debentures issued pursuant to the General Information Document and this Key Information Document for the relevant issuance of Debentures, the subscription amounts paid by the Applicant at the time of submitting the Application Form.
ALM	Asset Liability Management
BSE	BSE Limited (Designated Stock exchange)
Board / Board of Directors	The Board of Directors of the Issuer and includes any Committee thereof
Business Day	Means any day of the week (excluding non-working Saturdays, Sundays and any day which is a public holiday for the purpose of Section 25 of the Negotiable Instruments Act, 1881 (26 of 1881) (as may be amended/ supplemented from time to time) in Mumbai and any other day on which banks are closed for customer business in Mumbai) on which money market in functioning in Mumbai and “Business Days” shall be construed accordingly
CAGR	Compounded Annual Growth Rate
CRAR	Capital to Risk (weighted) Assets Ratio
CAR	Capital Adequacy Ratio
CDSL	Central Depository Services (India) Limited
Debentures / NCDs	Secured, Redeemable, Non-Convertible Debentures (NCDs) of face value of ₹ 1,00,000 each
Debenture holder	The holders of the Debentures
Debenture Trustee Agreement (DTA)	Debenture Trustee Agreement dated 24 May 2024 entered between the Company and Debenture Trustee
Debenture Trust Deed (DTD)	Debenture Trust Deed dated 7 June 2024 entered into between the Company and Debenture Trustee
Depository(ies)	National Securities Depository Limited (NSDL) and / or Central Depository

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	Services (India) Limited (CDSL)
DP	Depository Participant
FY	Financial Year
GID	General Information Document dated 30 May 2024
I.T. Act	The Income Tax Act, 1961 (as amended from time to time)
Issue	Present Private Placement Issue of Rated, Secured, Redeemable, Non-Convertible Debentures of Face Value of ₹ 1,00,000 each (“NCDs”) for an amount not exceeding ₹ 5.45 crores
KID	This Key Information Document dated 7 June 2024
MCA	Ministry of Corporate Affairs, Government of India
MOA/ AOA	Memorandum of Association and Articles of Association of the Company
NAV	Net Asset Value
NBFC	Non-Banking Financial Company
NEFT	National Electronic Funds Transfer
NPA	Non-Performing Assets
NSDL	National Securities Depository Limited
Promoter	The promoters of our Company, namely, Dr. M. Manickam and Sri. M. Balasubramaniam.
Promoter Group	Sri. M. Srinivaasan, Smt. Karunambal Vanavaraayar and including ABT Investments (India) Private Limited, ABT Finance Limited, ABT Foundation Limited, ABT Industries Limited, Sakthifinance Financial Services Limited, Sakthi Financial Services (Cochin) Private Limited, Sakthi Finance Holdings Limited, Sakthi Realty Holdings Limited, Sakthi Sugars Limited, Sri Chamundeswari Sugars Limited, Sri Sakthi Textiles Limited and The Gounder and Company Auto Limited.
RBI	The Reserve Bank of India
Rs/INR/Rupees	The lawful currency of the Republic of India
ROC	The Registrar of Companies, Tamil Nadu, Coimbatore
RTGS	Real Time Gross Settlement System
SEBI	Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992 (as amended from time to time)
SEBI Regulations	Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended by SEBI from time to time.
Term Sheet	Term Sheet to be issued by the Company for any Series containing the issue price, coupon rate and other conditions regarding Debentures
The Act	Shall mean provisions of the Companies Act, 1956 and the Companies Act, 2013 (including any statutory modification(s) or re-enactments thereof for the time being in force), which are in effect from time to time
Trustees	Trustees for the Debenture holders
“We”, “us” and “Our”	Unless the context otherwise requires, Our Company

## **SECTION II**

### **GENERAL DISCLAIMER AND RISK FACTORS**

General Disclaimers to the Issue have been set out in Section I of the GID dated 30 May 2024 and the Risk factors are set out in Section II of the GID dated 30 May 2024 and shall be deemed to be incorporated in this Key Information Document and shall apply mutatis mutandis.

### SECTION III ISSUER INFORMATION

#### **Sakthi Finance Limited**

Our Company was originally incorporated as “The Pollachi Credit Society Private Limited” on March 30, 1955 under the Indian Companies Act 1913. Our Company was later converted into a public limited company and the name of our Company was changed to Sakthi Finance Limited on July 27, 1967 and a fresh Certificate of Incorporation was obtained from Registrar of Companies, Madras. The CIN of our Company is L65910TZ1955PLC000145.

#### **NBFC Registration**

Our Company holds a certificate of registration dated April 17, 2007 (issued in lieu of earlier certificate dated May 08, 1998) bearing registration no. 07-00252 issued by the RBI to carry on the activities of an NBFC under Section 45-IA of the RBI Act as a “NBFC - Investment and Credit Company- Middle Layer”.

#### **Registered and Corporate Office**

62, Dr. Nanjappa Road

Post Box No. 3745

Coimbatore – 641018, Tamil Nadu

**Tel :** +91 422 2231471- 474/4236200

**Fax :** +91 422 2231915

**Email :** sakthif\_info@sakthifinance.com; investors@sakthifinance.com

**Website :** www.sakthifinance.com

#### **Registrar of Companies**

Our Company is registered with the Registrar of Companies, Tamil Nadu, Coimbatore, which is situated at the following address:

#### **Registrar of Companies**

No.7, AGT Business Park, First Floor, Phase II

Avinashi Road, Civil Aerodrome Post

Coimbatore- 641014, Tamil Nadu

#### **Registration Details**

<b>Company Registration Number with RoC</b>	000145
<b>Corporate Identity Number</b>	L65910TZ1955PLC000145
<b>NBFC Registration Certificate Number under Section 45 IA of the RBI Act</b>	07-00252
<b>Legal Entity Identifier No (“LEI”)</b>	335800HQZOL79ZZAUE32
<b>PAN</b>	AADCS0656G
<b>TAN</b>	CMBS03160D
<b>GST (TN)</b>	33AADCS0656G1ZM

#### **Liability of the members of the Company**

Liability of members is limited by shares.

#### **Chief Financial Officer**

The details of our Chief Financial Officer (“CFO”) is set out below:

**Sri. Srinivasan Anand**

**Chief Financial Officer**

**Sakthi Finance Limited**

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(This Key Information Document is neither a prospectus nor a statement in lieu of a prospectus)

62, Dr. Nanjappa Road  
Post Box No. 3745  
Coimbatore - 641018, Tamil Nadu  
**Tel :** +91 422 4236301  
**Email :** sanand@sakthifinance.com

### **Chief Operating Officer**

The details of our Chief Operating Officer (“COO”) is set out below:

**Sri. K S Venkitasubramanian**  
**Chief Operating Officer**  
**Sakthi Finance Limited**  
62, Dr. Nanjappa Road  
Post Box No. 3745  
Coimbatore – 641 018, Tamil Nadu  
**Tel :** +91 422 4236210  
**Email :** venkitasubramanian@sakthifinance.com

### **Company Secretary and Compliance Officer**

The details of the person appointed to act as Company Secretary and Compliance Officer for the purpose of this Issue are set out below:

**Sri. C. Subramaniam**  
**Company Secretary and Compliance Officer**  
**Sakthi Finance Limited**  
62, Dr. Nanjappa Road  
Post Box No. 3745  
Coimbatore – 641 018, Tamil Nadu  
**Tel :** +91 422 4236238  
**Email :** csubramaniam@sakthifinance.com

### **Debenture Trustee**

**Catalyst Trusteeship Limited**  
“GDA House”, Plot No 85, Bhusari Colony (Right),  
Paud Road, Pune – 411 038  
**Tel :** + 91 22 49220555  
**Fax :** + 91 22 49220505  
**Email :** ComplianceCTL-Mumbai@ctltrustee.com  
**Website :** <https://catalysttrustee.com>  
**Investor Grievance Email:** grievance@ctltrustee.com  
**Contact person:** Ms. Deesha Trivedi  
**Compliance Officer:** Ms. Kalyani Pandey  
**SEBI Registration No:** IND000000034  
**CIN:** U74999PN1997PLC110262

### **Registrar to the Issue**

#### **LINK INTIME INDIA PRIVATE LIMITED**

C-101, 247 Embassy Park,  
1st Floor, L.B.S. Marg, Vikhroli West  
Mumbai 400 083 Maharashtra, India  
**Tel No :** +91 (22) 4918 6200  
**Fax No :** +91 (22) 4918 6195, +91 (22) 49186060  
**Email :** debtca@linkintime.co.in  
**Website :** [www.linkintime.co.in](http://www.linkintime.co.in)  
**Investor Grievance Email :** debtca@linkintime.co.in

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**Contact person:** Shanti Gopalkrishnan  
**SEBI Registration No:** INR000004058  
**CIN :** U67190MH1999PTC118368

### Statutory Auditors

#### M/s CSK Prabhu & Co

Chartered Accountants

F4, Fourth Floor, Srivari Kikani Centre

2, Krishnaswamy Mudaliar Road

Coimbatore - 641 002

**Tel :** +91 422 2552437

**Website :** www.cskprabhu.com

**Contact Person:** Mr. CSK Prabhu

**Email :** csk@cskprabhu.com

**Firm Registration No:** 002485S

(Date of Appointment as Statutory Auditors: September 30, 2021)

### Credit Rating Agency

#### ICRA Limited

Electric Mention, 3rd Floor, Appasaheb Marathe Marg,

Prabhadevi, Mumbai 400 025

**Tel :** +91 022 61143406

**Fax :** +91 022 24331390

**Email :** r.srinivasan@icraindia.com

**Website:** www.icra.in

**SEBI Registration No:** IN/CRA/008/15

### Expenses of the Issue

Lead Mangers Fees	NA
Underwriting Commission	NA
Brokerage, selling commission and upload fees	1% of Issue size
Fees payable to the registrar to the Issue	Based on the number of ISINs
Fees payable to the legal advisor	NA
Advertising and Marketing expenses	NA
Fees payable to the regulators including Stock Exchange	As per prescribed regulations
Expenses incurred on printing and distribution of issue stationery	NA
Any other fees, commission or payments under whatever nomenclature	Debentures Trustee fees as mutually agreed

The above expenses is indicative are subject to change depending on the actual level of subscription to the issue and number of allottees, market conditions and other relevant factors.

SI No	Particulars of consent	Remarks
1	Directors	All the necessary consents as required under this section have been obtained by the Company and are in place.
2	Auditors	
3	Trustees	
4	Registrar to the Issue	
5	Bankers to issue	Not Applicable
6	Solicitors or Advocates to the issue	Not Applicable
7	Legal advisors to the issue	Not Applicable
8	Lead managers to the issue	Not Applicable
9	Lenders (if required, as per the terms of the agreement)	Not Applicable
10	Experts	Not Applicable

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## SECTION IV

### FINANCIAL INDEBTEDNESS

A brief summary of our Company's outstanding secured and unsecured borrowings as on December 31, 2023 together with a brief description of certain significant terms of such financing arrangement is as under:

Sr. No	Types of loan	Amount outstanding as on December 31, 2023 (₹ lakh)
<b>SECURED BORROWINGS AVAILED BY OUR COMPANY</b>		
A	Term loans	9,567.67
B	Cash credit and short- term working capital demand loan / facilities	6,668.24
C	Secured, non-convertible debentures issued on private placement basis	12,094.79
D	Secured, Redeemable Non-Convertible Debentures (public issues)	36,889.56
E	Interest accrued but not due on the above outstanding	3,060.76
F	Unclaimed matured debentures and interest accrued thereon	5.00
<b>(I)</b>	<b>TOTAL SECURED BORROWINGS</b>	<b>68,286.02</b>
<b>UNSECURED BORROWINGS AVAILED BY OUR COMPANY</b>		
A	Fixed deposits	6,649.71
B	Subordinated debt	20,883.55
C	Unsecured Redeemable Non-Convertible Debentures (public issues)	10,737.97
D	Interest accrued but not due on the above	7,028.40
E	Redeemable Cumulative Preference Shares	2,370.15
F	Interest accrued but not due on the above	94.65
<b>(II)</b>	<b>TOTAL UNSECURED BORROWINGS</b>	<b>47,764.43</b>
<b>(III)</b>	<b>TOTAL (I +II)</b>	<b>1,16,050.45</b>

#### 1. SECURED BORROWINGS AVAILED BY OUR COMPANY

##### A. Term Loans

Set out below is a brief summary of our Secured Term Loans as on December 31, 2023:

##### i. State Bank of India

Sr. No	Details of Documentation	Amount sanctioned (₹ lakh)	Amount outstanding (₹ lakh)	Repayment date / Schedule	Rate of Interest (% p.a.)
1	Deed of hypothecation and facility agreement dated 31 <sup>st</sup> day of July, 2020.	5,000.00	1559.95	58 monthly instalments	13.30% p.a. (compounded on monthly rest)
2	Deed of hypothecation and facility agreement dated 31 <sup>st</sup> July 2020 ( <b>Working capital term loan carved out from CC of 64.04 cr</b> )	4,500.00	4050.00	10 half yearly instalments	13.30 % p.a.
<b>Security</b>		Exclusive first charge on hypothecation of assets covered under HP/Hypothecation of loans/ lease agreement and the resultant receivables as acceptable to the lender.			
<b>Collateral</b>		Exclusive Mortgage over the land and building (S.F.No.161/2, Total area 14,136 sq. feet) at Block No.7, D.No.62, Dr.			

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Sr. No	Details of Documentation	Amount sanctioned (₹ lakh)	Amount outstanding (₹ lakh)	Repayment date / Schedule	Rate of Interest (% p.a.)
		Nanjappa Road, Coimbatore, land belonging to a) Sri. M. Srinivaasan, Director and b) Sakthi Finance Limited (leasehold rights).			
	<b>Penalty</b>	Rate of interest <i>plus</i> 5% p.a.			
	<b>Rescheduling</b>	Nil			
	<b>Event of Default</b>	<b>Penalty</b>			
	1. Irregularity in cash credit account.	5% per annum on the irregular portion for the period of irregularity.			
	2. Non submission of stock statement.	₹ 1,800 per day.			
	3. Non submission of renewal data.	Flat ₹ 45,000 up to the date of renewal and Flat ₹ 90,000 per month thereafter till the date of submission.			
	4. Non- renewal of insurance.	₹ 180 for each day of delay beyond due date.			
	5. Diversion of funds.	1.80% on the entire out standings.			
	6. Non - payment of interest/ instalment	5% per annum on the irregular portion for the period of irregularity.			

Revalidated sanction letter dated December 04, 2023, for above loans and WC facilities

ii. **The Karur Vysya Bank Limited (Adhoc Limit)**

Sr. No	Details of Documentation	Amount sanctioned (₹ lakh)	Amount outstanding (₹ lakh)	Repayment date / Schedule	Rate of Interest (% p.a.)
1	Deed of hypothecation and facility agreement dated December 20, 2023 Sanction letter December 20, 2023 (Adhoc facility). extension for another 3 months up to 27 <sup>th</sup> March, 2024	1,500.00	1500.00	Bullet repayment on March 27, 2024	11.20% p.a.
	<b>Security</b>	Exclusive first charge on hypothecation of assets covered under HP/ Hypothecation of loans/ lease agreement and the resultant receivables as acceptable to the lender with 1.33 Asset cover. Personal Guarantees of Dr. M. Manickam and Sri. M.Balasubramniam			
	<b>Penalty</b>	Rate of interest <i>plus</i> 3% p.a. for delay/ default in repayment and non adherence of terms and conditions of the Sanction			

(\*\*\* Since closed as on the date of filing of this KID)

**iii. Shriram Finance Limited**

Sr No	Details of Documentation	Amount sanctioned (₹ lakh)	Amount outstanding (₹ lakh)	Repayment date /Schedule	Rate of Interest (% p.a.)
1	Deed of hypothecation and facility agreement dated September 25, 2023 (Sanction Letter dated 22/09/2023)	1000	957.72	36 months with one month moratorium	13.25% p.a. (compounded on monthly rest)
2	Deed of hypothecation and facility agreement dated December 30, 2023 (Sanction Letter dated 21/12/2023)	1500	1500.00	36 months with one month moratorium	13.25% p.a. (compounded on monthly rest)
<b>Security</b>		Exclusive first charge on portfolio of receivables as acceptable to the lender 1.1 times the borrowings			
<b>Prepayment</b>		3% (exclusive of Taxes) on Principal Outstanding as on the foreclosure date. Provided that the Borrower will not be required to pay the Prepayment Penalty when the Lender arranges for the sale or securitization of the Portfolio in the agreement.			
<b>Penalty</b>		36% p.a. compounded on monthly rest.			
<b>Rescheduling</b>		Nil			
<b>Events of Default</b>		<ul style="list-style-type: none"> <li>• Non-payment of charge / interest / instalment due on time</li> <li>• Misrepresentation, non-performance / breach / violation of terms of sanction</li> <li>• Amalgamation / reorganization, nationalization, etc.</li> <li>• Prevented by competent authority from carrying on business</li> <li>• Insolvency / winding up /apprehension of insolvency</li> <li>• Jeopardizing/prejudicial to security</li> <li>• Any failure on the part of management to fulfill any obligations</li> </ul>			
<b>Consequence of Default</b>		On and at any time after the occurrence of an event of default, the lender may by 7 days written notice to the borrower : a) declare that all or part of the facility, together with accrued interest and all other amounts accrued or outstanding under the agreement and/or the security documents to be immediately due and payable, whereupon they shall become immediately due and payable; and/or b) declare that all or part of the facility be payable on demand, whereupon it shall immediately become payable on demand together with accrued interest and all other amounts accrued under the agreement and/or the security documents.			

**B. Cash credit and Short Term working capital demand loan / facilities**

Set out below is a brief summary of our secured Cash Credit and Short Term working capital demand loan / facilities as on December 31, 2023. Our cash credit and working capital demand loan are all repayable upon demand by the respective lenders.



Sr No	Name of lenders and details of documentation	Amount sanctioned (₹ lakh)	Amount outstanding (₹ lakh)	Rate of interest p.a.	Security
1	<b>Indian Overseas Bank</b> Letter of Hypothecation dated April 28, 2014 Consent Cum Authorization Letter dated April 28, 2014 (Last Renewal Letter dated 31/03/2023 CC limits renewed with reducing DP @ ₹25 lakhs per month.). Limit presently continuing. Renewal application filed to IOB	CC : 800.00 ----- <b>Total : 800.00</b> -----	420.76	MCLR + 4.10%	Hypothecation of specific HP receivables and any other security created in favour of the company to secure the relevant loan facilities to be obtained under the relevant obligor.
2	<b>The Karnataka Bank Limited</b> Hypothecation agreement dated March 30, 2024. Renewal of Sanction letter dated March 22, 2024. Agreement for book debt/ receivables dated March 30,2024	WCDL : 720.00 CC : 480.00 ----- Total: <b>1,200.00</b> -----	702.48	MCLR + 1.15%	Already held exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to lease, Hypothecation loans and hire purchase agreement/loan agreement.
3	<b>Bank of India</b> Modification of charge letter dated January 29, 2013 Sanction letter dated January 18, 2024	CC : 300.00 WCDL 300.00 ----- <b>Total : 600.00</b> -----	297.85	CC: MCLR + 4.5% WCDL MCLR+ 4.7%	Hypothecation of vehicles / equipment now hired out by the company with all ancillary fittings, additions, tool, accessories and equipment and to be hired out by them from time to time by assigning all their contractual rights in the HP agreements between the borrower and the hirers executed and to be executed from time to time in favour of the bank by way of first charge. WCDL to be repaid in single bullet on September 28, 2024.

Sr No	Name of lenders and details of documentation	Amount sanctioned (₹ lakh)	Amount outstanding (₹ lakh)	Rate of interest p.a.	Security
4	<b>Central Bank of India</b> Letter of hypothecation dated November 13, 2013; Letter of hypothecation, book-debts-loans dated November 13, 2013 Sanction Letter dated April 23, 2024.	WCDL : 1,800.00 CC : 1,200.00 ----- <b>Total : 3,000.00</b> -----	2,203.15	MCLR + 2.50%	Assignment of HP documents and hypothecation of assets under HP documents.
5	<b>State Bank of India</b> Agreement for overall limit dated July 31, 2020. Sanction letter dated December 04, 2023 for renewal of limits. During this renewal there was a carve out of TL from WC Limits which is shown as Term Loan.	CC: 1024.00	707.87	MCLR + 2.50%	Exclusive first charge on hypothecation of assets covered under HP / Hypothecation Loan / Lease agreements and the resultant receivables. Equitable mortgage over the land and building situated at S.F. No 161/2, Dr. Nanjappa Road, Coimbatore, Land belonging to Mr. M. Srinivaasan, Director.
6	<b>The Karur Vysya Bank Limited</b> Agreement for cash credit and overdraft dated December 20, 2023 Sanction letter dated 20/12//2023	WCDL : 1,500.00 CC : 1,000.00 ----- <b>Total : 2,500.00</b> -----	2,336.13	MCLR + 1.35%	Exclusive charge on Hypothecation of Current Assets, Book Debts, Loans and advances and receivable assigned to them (both present & future) with a margin of 25% (1.33 times)
<b>Total</b>			<b>6668.24</b>		

WCDL: Working capital demand loan; CC: Cash Credit; HP: Hire purchase

#### A. Secured redeemable non-convertible debentures issued on a private placement basis

Our Company has issued secured, redeemable, non-convertible debentures of face value of ₹ 1 and ₹ 1,000 to subscribers on private placement basis (“NCDs on private placement basis”). These secured, redeemable, non-convertible debentures have been allotted on a continuing basis. The terms of conditions of these debentures including coupon rates, have been decided by the Board of Directors at the time of each issue. The Total Principal amount of Outstanding unlisted secured, redeemable, non-convertible debentures as on December 31, 2023 is ₹ 12,094.79 lakhs.

#### B. Secured redeemable non-convertible debentures (Public issue)

##### Public Issue May 2019

Our Company has made a public issue of 15,00,000 Secured and Unsecured, Redeemable, Non-Convertible debentures of face value of ₹ 1,000 each aggregating ₹ 15,000.00 lakh and allotted 11,77,000

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Non-convertible debentures aggregating ₹ 11770.00 lakhs on May 15, 2019. The details of outstanding amounts in connection with said public issue are as under:

Debenture Options	ISIN	Frequency of Interest payment	Tenor / Period of Maturity (Months)	Interest Rate p.a. (%)	Effective Yield (%) p.a.	Amount as on April 30, 2024 (₹ lakh)	Date of Allotment	Redemption Date
<b>Unsecured</b>								
IX	INE302E08207	Monthly	61	10.25	10.25	2,084.53	15/05/2019	15/06/2024
X	INE302E08035	Annually	61	10.25	10.65	106.70		15/06/2024
XI	INE302E08043	Cumulative	61	N.A.	13.24	2,183.57		15/06/2024
<b>TOTAL</b>						<b>4,374.80</b>		
<b>Rating</b>	“[ICRA] BBB (Stable)”							
<b>Security</b>	Not Applicable for outstanding NCDs as these are issued as Unsecured NCDs.							

### Public Issue May 2020

Our Company has made a public issue of 20,00,000 Secured and Unsecured, Redeemable, Non-Convertible debentures of face value of ₹ 1,000 each aggregating to ₹ 20,000.00 lakh and allotted 10,28,631 non-convertible debentures aggregating to ₹ 10,286.31 lakhs on May 08, 2020.

The details of outstanding amounts in connection with said public issue are as under:

Debenture Options	ISIN	Frequency of Interest payment	Tenor / Period of Maturity (Months)	Interest Rate p.a. (%)	Effective Yield (%) p.a.	Amount as on April 30, 2024 (₹ lakh)	Date of Allotment	Redemption Date
<b>Secured</b>								
VI	INE302E07300	Monthly	49	10.00	10.00	1,894.23	08/05/2020	08/06/2024
VII	INE302E07318	Annually	49	10.00	10.38	248.73		08/06/2024
VIII	INE302E07326	Cumulative	49	N.A.	12.17	1,129.16		08/06/2024
<b>Unsecured</b>								
IX	INE302E08050	Monthly	62	10.25	10.25	738.88	08/07/2025	08/07/2025
X	INE302E08068	Annually	62	10.25	10.65	66.60		08/07/2025
XI	INE302E08076	Cumulative	62	N.A.	13.30	798.22		08/07/2025
<b>TOTAL</b>						<b>4,875.82</b>		
<b>Rating</b>	“[ICRA] BBB (Stable)”							
<b>Security</b>	Mortgage over an identified immovable property admeasuring 1,705 sq.ft. situated at Anna Nagar, Madurai, under Madurai Registration District, owned by our Company. Hypothecation over specific hire-purchase receivables of our Company, including book-debts and receivables thereon, both present and future.							

### Public Issue July 2021

Our Company has made a public issue of 20,00,000 Secured and Unsecured, Redeemable, Non-Convertible debentures of face value of ₹ 1,000 each aggregating to ₹ 20,000.00 lakh and allotted 19,85,365 non-convertible debentures aggregating to ₹ 19,853.65 lakh on July 29, 2021.

The details of outstanding amounts in connection with said public issue are as under:

Debenture Options	ISIN	Frequency of Interest payment	Tenor / Period of Maturity (Months)	Interest Rate p.a. (%)	Effective Yield (%) p.a.	Amount as on April 30, 2024 (₹ lakh)	Date of Allotment	Redemption Date
<b>Secured</b>								
III	INE302E07359	Monthly	39	9.75	9.75	1,663.12	29/07/2021	29/10/2024
IV	INE302E07367	Cumulative	39	N.A.	11.32	1,595.15		29/10/2024

V	INE302E07375	Monthly	49	10.00	10.00	3,566.23		29/08/2025
VI	INE302E07383	Cumulative	49	N.A.	12.17	2,106.90		29/08/2025
<b>Unsecured</b>								
VII	INE302E08084	Monthly	61	10.50	10.50	3,088.94		29/08/2026
VIII	INE302E08092	Cumulative	61	N.A.	13.64	1,670.53		29/08/2026
<b>TOTAL</b>						<b>13,690.87</b>		
<b>Rating</b>	“[ICRA] BBB (Stable)”							
<b>Security</b>	Hypothecation over specific hire-purchase receivables of our Company, including book-debts and receivables thereon, both present and future.							

### Public Issue April 2022

Our Company has made a public issue of 10,00,000 Secured, Redeemable, Non-convertible Debentures of face value of ₹ 1,000 each aggregating to ₹ 10,000.00 lakh and allotted 10,00,000 Non-Convertible debentures aggregating to ₹ 10,000.00 lakhs on April 29, 2022.

The details of outstanding amounts in connection with said public issue are as under:

Debenture Options	ISIN	Frequency of Interest payment	Tenor / Period of Maturity (Months)	Interest Rate p.a. (%)	Effective Yield (%) p.a.	Amount as on April 30, 2024 (₹ lakh)	Date of Allotment	Redemption Date	
<b>Secured</b>									
III	INE302E07425	Monthly	36	8.75	8.75	412.01	29/04/2022	29/04/2025	
IV	INE302E07441	Cumulative	36	N.A.	9.88	681.25		29/04/2025	
V	INE302E07433	Monthly	48	9.00	9.00	227.64		29/04/2026	
VI	INE302E07458	Cumulative	48	N.A.	10.69	126.30		29/04/2026	
VII	INE302E07466	Monthly	60	10.00	10.00	4,374.51		29/04/2027	
VIII	INE302E07474	Cumulative	60	N.A.	12.77	2,116.80		29/04/2027	
<b>TOTAL</b>						<b>7,938.51</b>			
<b>Rating</b>	“[ICRA] BBB (Stable)”								
<b>Security</b>	Hypothecation over specific hire-purchase receivables of our Company, including book-debts and receivables thereon, both present and future.								

### Public Issue May 2023

Our Company has made a public issue of 20,00,000 Secured, Redeemable, Non-convertible Debentures of face value of ₹ 1,000 each aggregating to ₹20,000 lakh and allotted 14,68,604 Non-convertible Debentures aggregating to ₹ 14,686.04 lakh on May 8, 2023.

The details of outstanding amounts in connection with said public issue are as under:

Debenture Options	ISIN	Frequency of Interest payment	Tenor / Period of Maturity (Months)	Interest Rate p.a. (%)	Effective Yield (%) p.a.	Amount as on April 30, 2024 (₹ lakh)	Date of Allotment	Redemption Date
<b>Secured</b>								
I	INE302E07573	Monthly	24	9.00	9.00	1,348.77	08/05/2023	08/05/2025
II	INE302E07508	Cumulative	24	N.A.	9.74	1,953.26		08/05/2025
III	INE302E07540	Monthly	36	9.25	9.25	656.18		08/05/2026
IV	INE302E07516	Cumulative	36	N.A.	10.52	1,540.08		08/05/2026
V	INE302E07557	Monthly	48	9.50	9.50	210.19		08/05/2027
VI	INE302E07590	Cumulative	48	N.A.	11.40	251.01		08/05/2027
VII	INE302E07565	Monthly	60	10.25	10.25	5,075.37		08/05/2028
VIII	INE302E07524	Cumulative	60	N.A.	13.17	1,615.48		08/05/2028
IX	INE302E07532	Cumulative	85	N.A.	14.30	2,035.70		08/06/2030

	<b>TOTAL</b>	<b>14,686.04</b>	
<b>Rating</b>	“[ICRA] BBB (Stable)”		
<b>Security</b>	Hypothecation over specific hire-purchase receivables of our Company, including book-debts and receivables thereon, both present and future.		

### Public Issue February 2024

Our Company has made a public issue of 20,00,000 Secured, Redeemable, Non-convertible Debentures of face value of ₹ 1,000 each aggregating to ₹ 20,000 lakh and allotted 14,80,964 non-convertible debentures aggregating to ₹ 14,809.64 lakh on February 27, 2024.

The details of outstanding amounts in connection with said public issue are as under:

Debenture Options	ISIN	Frequency of Interest payment	Tenor / Period of Maturity (Months)	Interest Rate p.a. (%)	Effective Yield (%) p.a.	Amount as on April 30, 2024 (₹ lakh)	Date of Allotment	Redemption Date
<b>Secured</b>								
I	INE302E07607	Monthly	24	9.00	9.00	1,101.82	08/05/2023	27/02/2026
II	INE302E07615	Cumulative	24	N.A.	9.74	1,412.80		27/02/2026
III	INE302E07656	Monthly	36	9.25	9.25	707.89		27/02/2027
IV	INE302E07599	Cumulative	36	N.A.	10.52	1,787.01		27/02/2027
V	INE302E07649	Monthly	60	10.25	10.25	5,703.14		27/02/2029
VI	INE302E07631	Cumulative	60	N.A.	13.17	2,556.84		27/02/2029
VII	INE302E07623	Cumulative	85	N.A.	14.30	1,540.14		29/03/2031
	<b>TOTAL</b>					<b>14,809.64</b>		
<b>Rating</b>	“[ICRA] BBB (Stable)”							
<b>Security</b>	Hypothecation over specific hire-purchase receivables of our Company, including book-debts and receivables thereon, both present and future.							

## 1. UNSECURED BORROWINGS AVAILED BY OUR COMPANY

### A. Fixed deposits

As a deposit taking non-banking financial company, we accept unsecured deposits from the public, both non-cumulative and cumulative basis, which are accepted in multiples of ₹ 1,000 with a minimum deposit amount of ₹ 10,000 which are maturing for a period ranging from 15 months to 60 months from the date of the acceptance of deposit. As on date, the fixed deposit carries rate of interest in the range of 8.25% p.a. to 9.25% p.a. Given below is the brief summary of the fixed deposit details as on December 31, 2023.

Type of instrument	Amount outstanding as on December 31, 2023 (₹ lakh)*	Repayment date / schedule	Credit rating
Fixed deposits - non cumulative scheme	3,233.54	15-60 months from the date of the deposit / renewal	ICRA (BBB) - (Stable) (ICRA Limited)
Fixed deposits - cumulative scheme	3,416.17	15-60 months from the date of the deposit / renewal	
<b>Total</b>	<b>6649.71</b>		

\* The aforesaid fixed deposit amount also includes the unclaimed deposits amount.

## B. Unlisted subordinated debt

Our Company has issued unlisted unsecured, subordinated, non-convertible bond of face value of ₹ 1,000 (“**Retail Subordinated Debt I and II**”) to retail subscribers on private placement basis. The Retail Subordinated Debts have been allotted on a continuing basis for a tenure of 61 months, at interest rates of 11.50% p.a (Retail Subordinated Debt Series I) and 10% p.a. (Retail Subordinated Series II). Given below is the brief summary of our retail subordinated debts as on December 31, 2023:

Type of instrument	Amount outstanding as on December 31, 2023 (₹ lakh)*	Repayment date / schedule	Date of allotment	Credit rating
<b>Retail subordinated debt I</b>		Tenor of 61 months	August 01 2013 to December 16, 2014	N A
Fixed Income	10.62			
Cumulative Income	4.13			
<b>Retail subordinated debt II</b>		Tenor of 61 months	October 30, 2018 to May 30, 2020	N.A
Fixed Income	12,441.40			
Cumulative Income	8,427.40			
<b>Total</b>	<b>20,883.55</b>			

\* The aforesaid subordinated debt amount also includes the unclaimed amount.

### 2. Perpetual Debt

Our Company has not issued any Perpetual Debt

### 3. Commercial Papers

Our Company has not issued any Commercial Papers.

### 4. Corporate Guarantees

Our Company has not issued any Corporate Guarantees.

### 5. Inter-Corporate Deposits

Our Company has not issued any Inter-Corporate Deposits

### 6. Inter-Corporate Loans

Our Company has not borrowed any amount by way of demand loans under the same management.

### 7. Loan from/ Investments by Directors and Relatives of Directors

Sl No	Name of the Director / Relative	Amount Raised (₹ lakhs)	Amount Outstanding (₹ lakhs)
<b>(A) Subscription in NCDs:</b>			
1	Sri P S Gopalakrishnan	35.00	35.00
2	Smt Vinodhini Balasubramaniam	180.00	180.00
3	Smt Samyuktha Vanavaraayar	210.00	210.00
4	Miss Shruthi Balasubramaniam	55.00	55.00
5	Smt Lalitha Ramakrishnan	25.00	25.00
6	Sri Hariharasudhan Manickam	2.00	2.00
7	Smt Bhavani Gopal	10.00	10.00
8	Smt Karunambal Vanavarayar	524.00	524.00
9	Selvan Amrith Vishnu Balasubramaniam	22.00	22.00
<b>(B) Subscription in SD Bonds:</b>			
1	Smt Vinodhini Balasubramaniam	10.00	10.00
2	Selvi Shruthi Balasubramaniam	10.00	10.00

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**8. Details of any outstanding borrowings taken / debt securities issued for consideration other than cash. (a) in whole or part (b) at a premium or discount (c) in pursuance of an option as on December 31, 2023.**

Our Company has no outstanding borrowings taken / debt securities issued whether taken or issued (a) for consideration other than cash, whether in whole or in part (b) at a premium or discount (c) in pursuance of an option as on December 31, 2023

**10. Details of rest of the borrowings (if any including hybrid debt like FCCB, Optionally Convertible Debentures / Preference Shares) as on this date of KID:**

The details of outstanding Redeemable, Cumulative Preference Shares as on December 31,2023 is given below:

Name of the Instrument	Instrument	Allotted on	Outstanding (₹ lakhs)	Schedule of repayment
9% Redeemable Cumulative Preference Shares	Preference Shares	December 16, 2023	286.75	December 16, 2026
		December 30, 2023	583.40	December 30, 2026
		January 23, 2024	280.20	January 23,2027
		March 30, 2024	288.80	March 30,2027
		April 17, 2024	60.85	April 17,2027
			<b>1500.00</b>	

(Note: 1. As on Date of filing of this KID, the 8.25% RCPS allotted during 2021 have been fully redeemed.)

**9. List of Top holding by NCD Public Issue / NCD (Private Placement / Subordinated Debt)**

Sl No	Name of Holder of NCS	Amount (₹ lakhs)
1	Jansi Rani Ramaswamy	922.00
2	Karunambal Vanavarayar	524.00
3	Manoharan P	447.00
4	Karpakavalli K	425.00
5	Saikumar B A	295.06
6	Tarla H Malani	270.00
7	Sakthifinance Financial Services Ltd	235.20
8	Anitha Shaikumar	233.16
9	Kalidhas S	230.00
10	R Lalitha	210.00

**10. The amount of Corporate Guarantee issued by our Company along with the name of the counterparty on behalf of whom it has been issued.**

Our Company has not issued any Corporate Guarantee to any party as on December 31, 2023.

**11. Servicing behavior on existing debt securities, payment of due interest on due dates on financing facilities or securities**

As on the date of this KID, there has been no default in payment of principal or interest on any existing financing facilities or term loan or debt security issued by the Issuer in the past.

**12. Significant restrictive covenants in our debt facilities**

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Some of the significant corporate actions for which our Company requires the prior written consent of lenders include the following:

- (i) to declare and/or pay dividend to any of its shareholders whether equity or preference, during any financial year unless our Company has paid to the lender the dues payable by our Company in that year;
- (ii) to undertake or permit any merger, amalgamation or compromise with its shareholders, creditors or effect any scheme of amalgamation or reconstruction;
- (iii) to create or permit any charges or lien on any mortgaged or hypothecated properties;
- (iv) to amend its MOA and AOA;
- (v) to make any major investments by way of deposits, loans, share capital, etc. in any manner.
- (vi) to effect a change of ownership or control, or management of the Company;
- (vii) to enter into long term contractual obligations directly affecting the financial position of the Company;
- (viii) to borrow or obtain credit facilities from any bank or financial institution;
- (ix) to undertake any guarantee obligations on behalf of any other company;
- (x) to change its practice with regard to the remuneration of Directors;
- (xi) to compound or realise any of its book debts and loan receivables or do anything whereby recovery of the same may be impeded, delayed, or prevented;
- (xii) to alter its capital structure, or buy-back, cancel, purchase, or otherwise acquire any share capital; and
- (xiii) to enter into any transaction with its affiliates or transfer any funds to any group or associate concern.

Additionally, certain lenders have the right to nominate a director on the Board on the occurrence of an event of default at any time during the term of the financial facilities.



## SECTION V

### **Disclosure as per Regulations 50(A)(6) of SEBI (Issue and Listing of Non-Convertible Securities) Regulations 2021 (as amended)**

**a. Details of offer of non-convertible securities in respect of which the Key information document is being issued**

Please refer to the Section VI – Term Sheet for the details of Offer of the debentures under this KID

**b. Financial Information, if such information provided in the GID is more than six months old:**

Please refer to Section IV (Summary of Key Operational and Financial Parameters) of the GID and relevant updated Information in this KID

**c. Material changes, if any, in the information provided in the GID**

In addition to the information mentioned herein, there is no material change in the information as provided in the GID as on the Date of this KID.

**d. Any Material Development not disclosed in the GID, since the issue of the GID relevant to the offer of non-convertible securities in respect of which the KID is being issued: NIL**

**SECTION VI**  
**TERMS OF ISSUE**

<b>Particulars</b>	<b>Terms and Conditions</b>
Security Name	Rated, Secured, Redeemable, Non-Convertible Debentures of Face Value of ₹ 1,00,000 each (“NCDs”)
Issuer	Sakthi Finance Limited
Type of Instrument	Rated, Secured, Redeemable NCDs of Face Value of ₹ 1,00,000 each
Nature of Instruments	Secured
Seniority (Senior or Subordinate)	Senior
Eligible Investors	Refer “Who can apply” in “Terms of Issue”
Listing including name of the stock exchange(s) where it will be listed and time line for listing	The debentures will be listed on debt market segment of BSE Limited. To be completed by T+3 trading days. (T being Issue Closure of the issue)
Delay in Listing and Allotment of Securities	There has been no delay in the listing of any non-convertible securities issued by our Company.  In case of delay in listing beyond the timelines specified above, the Company will pay penal interest of 1% p.a. over the Coupon Rate to the Debenture Holders from the Deemed Date of Allotment to the date of listing of Debentures.
Rating of Instrument	The NCDs proposed to be issued by our Company have been rated by ICRA Limited (“ <b>ICRA</b> ”). ICRA has, by its letter no. Ref. No. ICRA/Sakthi Finance Limited/02022024/1 dated February 02, 2024 assigned a rating of “[ <b>ICRA</b> ] <b>BBB (Stable)</b> ” for an amount up to ₹ 15,000 lakh for the proposed Private Placement NCDs. Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk.
Issue Size	For an amount of ₹ <b>4.95 crores</b>
Minimum Subscription	Not Applicable
Option to retain oversubscription (Amount)	Not Applicable
Objects of the Issue / Purpose for which there is requirement of funds	Working Capital Requirements / Redemption of NCDs
In case the Issuer is NBFC and the objects of the Issue entitled loan to any entity who is a ‘group company’ then disclosures shall be made in the following format	Not Applicable
Details of Utilisation of the Proceeds	As per the Object of the Issue
Coupon / <del>Dividend</del> Rate	9.50% and 10.25 % for 36 and 60 months respectively
Step Up/ Step Down Coupon Rate	Not Applicable
Coupon / <del>Dividend</del> Payment Frequency	Monthly and Cumulative
Coupon / <del>Dividend</del> Payment Dates	First working day of each month for monthly options
Cumulative / Non-Cumulative in case of dividend	Not Applicable
Coupon Type (Fixed / Floating or Other Structure)	Fixed
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc)	Not applicable
Day Count Basis	Actual /Actual

Interest on Application Money	Not applicable										
Default Interest Rate	In case of default in payment of Coupon Rate and/or principal redemption on the due dates, additional interest of @ 2% p.a. over the Coupon Rate shall be payable by the Company for the defaulting period.										
Tenor	36 and 60 months from the deemed date of allotment										
Redemption Date	<table border="1"> <thead> <tr> <th>Option</th> <th>Redemption date/ Maturity Period as applicable</th> </tr> </thead> <tbody> <tr> <td>I</td> <td>36 months from the deemed date of allotment*</td> </tr> <tr> <td>II</td> <td>36 months from the deemed date of allotment*</td> </tr> <tr> <td>III</td> <td>60 months from the deemed date of allotment*</td> </tr> <tr> <td>IV</td> <td>60 months from the deemed date of allotment*</td> </tr> </tbody> </table>	Option	Redemption date/ Maturity Period as applicable	I	36 months from the deemed date of allotment*	II	36 months from the deemed date of allotment*	III	60 months from the deemed date of allotment*	IV	60 months from the deemed date of allotment*
	Option	Redemption date/ Maturity Period as applicable									
	I	36 months from the deemed date of allotment*									
	II	36 months from the deemed date of allotment*									
	III	60 months from the deemed date of allotment*									
IV	60 months from the deemed date of allotment*										
* 7 June 2024											
If the Redemption Date / Maturity Date of any Options of the NCDs falls on a day that is not a Working Day, the redemption/maturity proceeds shall be paid on the immediately preceding Working Day along with interest accrued on the NCDs until but excluding the date of such payment.											
Redemption Amount	At the time of maturity on face value										
Redemption Premium/ Discount	Not Applicable										
Issue Price	₹ 1,00,000										
Discount at which security is issued and the effective yield as a result of such discount	Not Applicable										
Premium / Discount at which security is redeemed and the effective yield as the result of such premium / discount	Not Applicable										
Put Date	Not Applicable										
Put Price	Not Applicable										
Call Date	Not Applicable										
Call Price	Not Applicable										
Put Notification Time	Not Applicable										
Call Notification Time	Not Applicable										
Face Value	₹ 1,00,000										
Minimum Application and in multiples thereafter	25 debentures ₹ 1,00,000 each and in multiple of 1 debenture thereafter										
Issue Timing	Not Applicable										
Issue Opening Date	5 June 2024										
Issue Closing Date											
Date of earliest closing of the Issue, If any	Not Applicable										
Pay In Dates	All monies to be paid in on the application date										
Deemed Date of Allotment	7 June 2024										
Settlement Mode of the Instrument	Electronic										
Depositories	NSDL and CDSL										
Disclosure of Interest / Dividend / Redemption dates	For Interest, first working day of each month for Monthly options and on maturity date for Cumulative options. Redemption will be made on maturity dates.										
Record Date	<p>The record date for payment of interest in connection with the NCDs or redemption of the NCDs shall be 15 (fifteen) days prior to the date on which interest is due and payable, and/or the date of redemption.</p> <p>Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs</p>										

	<p>and the date of redemption or as prescribed by the Stock Exchange, as the case may be.</p> <p>If the Record Date falls on a day when the Stock Exchange is having a trading holiday, the immediate subsequent trading day will be deemed as the Record Date.</p> <p>In connection with NCDs where monthly interest is payable 15 (Fifteen) Days prior to the date on which interest is due and payable, or the date of redemption, or as may be prescribed by the Stock Exchanges and in connection with NCDs which are Cumulative in nature, 15 (Fifteen) Days prior to the date of redemption or as may be prescribed by the Stock Exchange.</p> <p>If the Record Date falls on a day that is not a Working Day, then the immediate succeeding Working Day will be deemed as Record Date. <b>Please note that the NCDs shall cease to trade from the Record Date (for payment of the redemption amount for such NCDs) prior to redemption of NCDs.</b></p>
All covenants of the Issue (including side letters, accelerated payment clause, etc.)	Subject to the terms of the Debenture Trust Deed
Description regarding security (where applicable) including type of security (movable/immovable/ tangible etc.,) type of charge (pledge/hypothecation/ mortgage etc.,) date of creation of security / likely date of creation of security, minimum security covers, revaluation, replacement of security, interest of the debenture holder over and above the coupon rate as specified in the Debenture Trust Deed and disclosed in the offer document / placement memorandum	<p>The principal amount of the Secured NCDs to be issued in terms of this Issue together with all interest due on the Secured NCDs in respect thereof shall be secured by way of an exclusive charge in favour of the Debenture Trustee on specific present and/or future receivables / assets of our Company, as may be decided mutually by our Company and the Debenture Trustee to the Proposed Issue, such that a security cover of at least 100% of the outstanding principal amounts of the NCDs and interest thereon is maintained at all times until the Maturity Date. The assets are not charged and there are no other creditors sharing the security that is offered for the issue of Secured NCDs on <i>pari passu</i> basis.</p> <p>In case the issuer fails to execute the Debenture Trust Deed within the period specified by SEBI, it shall be liable to pay interest of at least 2% per annum or such other rate, as specified by SEBI to the Debenture Holders, over and above the agreed Coupon Rate, till the execution of the Debenture Trust Deed.</p>
Security Cover	Our Company shall maintain a minimum 1.10 times security cover on the outstanding balance of the NCDs plus accrued interest thereon.
Replacement of Security, Interest to the Debenture holder over and above the coupon rate as specified in the trust deed and disclose in the issue document	Subject to the terms of the Debenture Trust Deed
Transaction Documents	The Disclosure Document read with any notices, corrigenda, addendum thereto, the Debenture Trust Deeds, Application Form, and other documents, as applicable, and various other documents/ agreements/ undertakings, entered or to be entered by our Company with intermediaries for the purpose of this Issue including but not limited to the Debenture Trust Deed, the Debenture Trustee Agreement, the Tripartite Agreements, the Registrar Agreement, if any.
Conditions precedent to disbursements	Other than the conditions specified in the SEBI NCS Regulations, there are no conditions precedent to disbursement.
Conditions subsequent to disbursements	Other than the conditions specified in the SEBI NCS Regulations, there are no conditions subsequent to disbursement.

Event of Defaults	Subject to the terms of the Debenture Trust Deed
Creation of Recovery Expenses Fund	Will be made on or before T+3
Conditions for breach of covenants (as specified in Debenture Trust Deed)	The Debenture Trustee may, with the consent of all the Debenture Holder(s)/ Beneficial Owner(s), at any time, waive on such terms and conditions as it shall seem expedient, any breach by the Company of any of the covenants and provisions in these presents contained without prejudice to the rights of the Debenture Trustee or the Debenture Holder(s)/ Beneficial Owner(s) in respect of any subsequent breach thereof.
Provisions related to Cross Default Clause	As provided in the Debenture Trust Deed. <b>Cross Default</b> The Company: defaults in any payment of any Financial Indebtedness beyond the period of grace, if any, provided in the instrument or agreement under which such Financial Indebtedness was created; defaults in the observance or performance of any agreement or condition relating to any Financial Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause or to permit the holder or holders of such Financial Indebtedness to cause (determined without regard to whether any notice is required) any such Financial Indebtedness to become due prior to its stated maturity, and such Financial Indebtedness of the Company is declared to be due and payable; or  any Financial Indebtedness of the Company shall be declared to be due and payable, or required to be prepaid other than by a regularly scheduled required prepayment, prior to the stated maturity thereof
Role and Responsibilities of Trustees	As per SEBI (Debenture Trustee) Regulations, 1993, SEBI (Issue and Listing of Non-Convertible Securities) Regulation, 2021, Companies Act, the Listing Agreement and the Debenture Trust Deed, each as amended from time to time.
Risk Factors pertaining to the Issue	Refer “Section II – General Disclaimer and Risk Factors” in this KID
Governing Law and Jurisdiction	The governing law and jurisdiction for the purpose of the Issue shall be Indian law and the competent Courts of jurisdiction in Coimbatore, India,

**Notes:**

- (a). If there is any change in coupon rate pursuant to any event including lapse of certain time period or downgrade in rating, then such new coupon rate and the events which lead to such change should be disclosed.
- (b). The list of documents which have been executed in connection with the issue and subscription of debt securities shall be annexed.
- (c). While the debt securities are secured to the extent of hundred per cent. of the amount of principal and interest or as per the terms of issue document, in favour of debenture trustee, it is the duty of the debenture trustee to monitor that the security is maintained.
- (d). The issuer shall provide granular disclosures in their issue document, with regards to the “Object of the Issue” including the percentage of the issue proceeds earmarked for each of the “object of the issue”. Further, the amount earmarked “General Corporate Purposes”, shall not exceed twenty-five per cent. of the amount raised by the issuer in the proposed issue

## **MATERIAL CONTRACTS AND DOCUMENTS**

1. ICRA Letter dated February 2, 2024 assigning the Credit Rating to the Secured, Rated, Listed, Redeemable Non-Convertible Debentures (“NCDs or Debentures”)
2. Audited Balance Sheet for the year ended 31 March 2023, 2022 and 2021
3. Consent letter from Catalyst Trusteeship Limited for acting as Trustee.
4. Debenture Trustee Agreement and Debenture Trust Deed dated 24 May 2024 and 7 June 2024 respectively executed between the debenture trustee and the Company for Non-convertible Debentures aggregating an amount not exceeding ₹ 50 crores to be issued from time to time.
5. NOC from Debenture Trustee dated \_\_\_\_ June 2024
6. Certificate of Incorporation of the Company
7. Memorandum and Articles of the Company
8. Copy of resolutions passed by the Board of Directors of the Company on 27 March 2024 approving Issuance of Secured, Redeemable Non-Convertible Debentures for an amount up to ₹ 50 crores and Copy of resolution dated 30 May 2024 passed by the Finance, Investment and Securities Issuance Committee for an amount not exceeding ₹ 49 crores
9. Copy of resolutions passed by the Shareholders of the Company on 29 April 2024 through Postal Ballot approving Issuance of Secured, Redeemable Non-Convertible Debentures for an amount up to ₹ 50 crores
10. Copy of resolution passed by the Shareholders of the Company on 5 April 2014 through Postal Ballot approving overall borrowing limit of the Company for an amount not exceeding ₹ 2500 crores.

## DECLARATION

It is hereby declared that:

- a. this Issue Document contains full disclosures in accordance with the Securities and Exchange Board of India (Issue & Listing of Non-Convertible Securities) Regulations, 2021 and Form PAS 4 (Pursuant to Section 42 of Companies Act, 2013 and Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014);
- b. the Issuer also confirms that this Issue Document does not omit disclosure of any material fact which may make the statements made therein, in light of the circumstances under which they are made misleading. The Issue Document also does not contain any false or misleading statement;
- c. the Issuer accepts no responsibility for the statement made otherwise than in this Issue Document or in any other material issued by or at the instance of the Issuer and that any one placing reliance on any other source of information would be doing so at his own risk;
- d. the Issuer has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;
- e. the compliance with the Companies Act, 2013 and the rules does not imply that payment of dividend or interest or repayment of the Debentures if applicable is guaranteed by the Central Government; and
- f. the monies received under the Issue shall be used only for the purposes and objects indicated in this Issue Document.

As per resolution of the Board of Directors dated March 27, 2024, Sri M Balasubramaniam, Vice Chairman and Managing Director, Sri Srinivasan Anand, Chief Financial Officer and Sri C Subramaniam, Company Secretary have been jointly (by any two) authorized to issue the Issue Document and declare that all the requirements of the Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association. It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

For Sakthi Finance Limited

Sd/-  
Srinivasan Anand  
Chief Financial Officer  
M No.020694

Sd/-  
C Subramaniam  
Company Secretary and Compliance Officer  
M No FCS6971

**Date** : June 07, 2024  
**Place** : Coimbatore

**Attachments:**

- I. Annexure A: Application Form
- II. Annexure B: Proposed Cash Flows
- III. Annexure C: Rating Letter
- IV. Annexure D: Debenture Trustee Consent Letter
- V. Annexure E: Extract of Board Resolution of the Company in relation to the particulars of this offer.
- VI. Annexure F: Financial Statements
- VII. Annexure G: In-principal approval letter from BSE
- VIII. Annexure H: Due Diligence - Annexure B of Debenture Trustee



**ANNEXURE A: APPLICATION FORM**

**STARTS FROM THE BELOW PAGE**

Dated: \_\_\_\_\_ 2024

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(CIN: L65910TZ1955PLC000145)  
Regd Office: 62, Dr. Nanjappa Road, Coimbatore 641 018  
T: (0422) 2231471 - 74, 4236200  
E-Mail: [investors@sakthifinance.com](mailto:investors@sakthifinance.com) Web: [www.sakthifinance.com](http://www.sakthifinance.com)

**Secured, Redeemable Non-Convertible Debentures ("NCDs") - Private Placement  
APPLICATION FORM**

**NCD APPLICATION FORM SERIAL NO.**

The Application shall be for a minimum of 25 NCDs and in multiples of 1 NCD thereafter

**NCDs APPLIED FOR: Face value of ₹ 1,00,000 (Rupees One Lakh Each)**

Number of NCDs applied for: \_\_\_\_\_ In Words: \_\_\_\_\_ only

Amount INR \_\_\_\_\_ In Words \_\_\_\_\_

OPTIONS: I (36 Months - Interest Rate @ 9.50% p.a) Monthly  Cumulative

II (60 Months - Interest Rate @ 10.25% p.a) Monthly  Cumulative

**DETAILS OF PAYMENT:**

Cheque / Demand Draft No. \_\_\_\_\_ Drawn on \_\_\_\_\_

RTGS / UTR No: \_\_\_\_\_

Funds transferred to **SAKTHI FINANCE LIMITED ("Issuer")** Dated \_\_\_\_\_

(Note: Cheque and Drafts are subject to realisation)

Total Amount Enclosed

(In Figures) INR \_\_\_\_\_ (In Words) \_\_\_\_\_ Only

**APPLICANT'S NAME IN FULL (CAPITALS)**

**SPECIMEN SIGNATURE**

**APPLICANT'S ADDRESS**

**STREET**

**CITY**

**PIN**

**Phone**

**Mobile**

**E-mail:**

APPLICANT'S PAN / GIR NO. \_\_\_\_\_ IT CIRCLE / WARD / DISTRICT \_\_\_\_\_

**I AM/ WE ARE**  **COMPANY**  **OTHERS (SPECIFY)** \_\_\_\_\_

I/We have read and understood the Terms and Conditions of the issue of NCDs contained in the Disclosure Documents including the Risk Factors described in the General Information Document dated [\_\_\_\_\_] and have considered these in making our decisions to apply.

Dated: \_\_\_\_\_ 2024

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We bind ourselves to these Terms and Conditions and wish to apply for allotment of these NCDs. The amount payable on application as shown below is remitted herewith. On allotment, please place our names(s) on the Register of Debenture Holder(s).

**To be filled in only if the applicant is an Institution / Company / Body Corporate (including Society)**

Name of the Authorised Signatory(ies)	Designation	Signature

I/We the undersigned, are agreeable to hold the NCDs of Issuer in Electronic form. Details of my/our Beneficial Owner Account are given below:

<b>DEPOSITORY</b>	<input type="checkbox"/> NSDL	<input type="checkbox"/> CDSL
<b>DEPOSITORY PARTICIPANT NAME</b>		
<b>DP-ID</b>		
<b>BENEFICIARY ACCOUNT NUMBER</b>		
<b>NAME OF THE APPLICANT(S)</b>		
<b>Bank Account Details:</b> (Settlement by way of Cheque /Direct Credit/ECS / NEFT / RTGS / other permitted mechanisms)		
<b>Bank Name &amp; Branch:</b>		
<b>Account No:</b>		
<b>Nature of Account:</b>		
<b>IFSC:</b>		

Tax Status: **Non Exempt**  **Exempt**  (If exempt please specify with supporting documents)

We understand and confirm that the information provided in the Disclosure Document is provided by the Issuer and the same has not been verified by any legal advisors to the Issuer, and other intermediaries and their agents and advisors associated with this issue. We confirm that we have for the purpose of investing in these NCDs carried out our own due diligence and made our own decisions with respect to investment in these NCDs and have not relied on any representations made by anyone other than the issuer, if any.

We understand that: i) in case of allotment of NCDs to us, our Beneficiary Account, as mentioned above would get credited to the extent of allotted NCDs, ii) we must ensure that the sequence of names as mentioned in the Application Form matches the sequence of name held with our Depository Participant, iii) if the names of the Applicant in this application are not identical and also not in the same order as the Beneficiary Account details with the above mentioned Depository Participant or if the NCDs cannot be credited to our Beneficiary Account for any reason whatsoever, the issuer shall be entitled at its sole discretion to reject the application or issue the NCDs in physical form.

We understand that we are assuming on our own account all the risk of loss that may occur or be suffered by us including as to the returns on and/or the sale value of NCDs. I/ We undertake

Dated: \_\_\_\_\_ 2024

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that upon sale or transfer to subsequent investor or transferee ("**Transferee**"), I/We shall convey all the terms and conditions contained herein (including the fact that these NCDs cannot be sold to a Non - Resident Indian and/ or an Overseas Corporate Body) to such Transferee. In event of any Transferee (including any intermediate or final holder of the NCDs) suing the Issuer (or any person acting on its or their behalf) I/We, shall indemnify the issuer and also hold the Issuer and each of such person harmless in respect of any claim by any Transferee. I/We understand that the Issuer may communicate to or intimate me/ us only by E-mail or Facsimile message and I/We undertake to accept the same as a valid communication or intimation as if such communication or intimation had been otherwise hand delivered or delivered had been delivered by registered post or courier.

\_\_\_\_\_  
Applicant's Signature

FOR OFFICE USE ONLY	
DATE OF RECEIPT _____	DATE OF CLEARENCE _____

------(TEAR HERE)-----

**ACKNOWLEDGEMENT SLIP**

(To be filled in by the Applicant) <b>SERIAL NO.</b>										
--	--	--	--	--	--	--	--	--	--	--

Received from \_\_\_\_\_

Address _____	
Cheque /Draft / UTR _____ Drawn on _____ for	
INR _____ on account of application of _____ Debenture	

## ANNEXURE B: DAY COUNT CONVENTION

### OPTION I (Non - Cumulative) – 36 Months

Company	Sakthi Finance Limited
Face value (per security)	₹ 1,00,000
Issue Date	<b>5 June 2024</b>
Date of Allotment	<b>7 June 2024</b>
Redemption	<b>7 June 2027</b>
Coupon Rate	<b>9.50%</b>
Frequency of the interest payment with specified dates	<b>Monthly</b>
Day count convention	Actual/actual

Cash flows	Due date	Date of Payment	No of days in Coupon period	No of days in a year	Amount
1 <sup>st</sup> Coupon	Monday, 1 July 2024	Monday, 1 July 2024	24	366	622.95
2 <sup>nd</sup> Coupon	Thursday, 1 August 2024	Thursday, 1 August 2024	31	366	804.64
3 <sup>rd</sup> Coupon	Sunday, 1 September 2024	Monday, 2 September 2024	31	366	804.64
4 <sup>th</sup> Coupon	Tuesday, 1 October 2024	Tuesday, 1 October 2024	30	366	778.69
5 <sup>th</sup> Coupon	Friday, 1 November 2024	Friday, 1 November 2024	31	366	804.64
6 <sup>th</sup> Coupon	Sunday, 1 December 2024	Monday, 2 December 2024	30	366	778.69
7 <sup>th</sup> Coupon	Wednesday, 1 January 2025	Thursday, 2 January 2025	31	366	804.64
8 <sup>th</sup> Coupon	Saturday, 1 February 2025	Saturday, 1 February 2025	31	365	806.85
9 <sup>th</sup> Coupon	Saturday, 1 March 2025	Saturday, 1 March 2025	28	365	728.77
10 <sup>th</sup> Coupon	Tuesday, 1 April 2025	Tuesday, 1 April 2025	31	365	806.85
11 <sup>th</sup> Coupon	Thursday, 1 May 2025	Thursday, 1 May 2025	30	365	780.82
12 <sup>th</sup> Coupon	Sunday, 1 June 2025	Monday, 2 June 2025	31	365	806.85
13 <sup>th</sup> Coupon	Tuesday, 1 July 2025	Tuesday, 1 July 2025	30	365	780.82
14 <sup>th</sup> Coupon	Friday, 1 August 2025	Friday, 1 August 2025	31	365	806.85
15 <sup>th</sup> Coupon	Monday, 1 September 2025	Monday, 1 September 2025	31	365	806.85
16 <sup>th</sup> Coupon	Wednesday, 1 October 2025	Wednesday, 1 October 2025	30	365	780.82
17 <sup>th</sup> Coupon	Saturday, 1 November 2025	Saturday, 1 November 2025	31	365	806.85
18 <sup>th</sup> Coupon	Monday, 1 December 2025	Monday, 1 December 2025	30	365	780.82

19 <sup>th</sup> Coupon	Thursday, 1 January 2026	Friday, 2 January 2026	31	365	806.85
20 <sup>th</sup> Coupon	Sunday, 1 February 2026	Monday, 2 February 2026	31	365	806.85
21 <sup>st</sup> Coupon	Sunday, 1 March 2026	Monday, 2 March 2026	28	365	728.77
22 <sup>nd</sup> Coupon	Wednesday, 1 April 2026	Wednesday, 1 April 2026	31	365	806.85
23 <sup>rd</sup> Coupon	Friday, 1 May 2026	Friday, 1 May 2026	30	365	780.82
24 <sup>th</sup> Coupon	Monday, 1 June 2026	Monday, 1 June 2026	31	365	806.85
25 <sup>th</sup> Coupon	Wednesday, 1 July 2026	Wednesday, 1 July 2026	30	365	780.82
26 <sup>th</sup> Coupon	Saturday, 1 August 2026	Saturday, 1 August 2026	31	365	806.85
27 <sup>th</sup> Coupon	Tuesday, 1 September 2026	Tuesday, 1 September 2026	31	365	806.85
28 <sup>th</sup> Coupon	Thursday, 1 October 2026	Thursday, 1 October 2026	30	365	780.82
29 <sup>th</sup> Coupon	Sunday, 1 November 2026	Monday, 2 November 2026	31	365	806.85
30 <sup>th</sup> Coupon	Tuesday, 1 December 2026	Tuesday, 1 December 2026	30	365	780.82
31 <sup>st</sup> Coupon	Friday, 1 January 2027	Friday, 1 January 2027	31	365	806.85
32 <sup>nd</sup> Coupon	Monday, 1 February 2027	Monday, 1 February 2027	31	365	806.85
33 <sup>rd</sup> Coupon	Monday, 1 March 2027	Monday, 1 March 2027	28	365	728.77
34 <sup>th</sup> Coupon	Thursday, 1 April 2027	Thursday, 1 April 2027	31	365	806.85
35 <sup>th</sup> Coupon	Saturday, 1 May 2027	Monday, 3 May 2027	30	365	780.82
36 <sup>th</sup> Coupon	Tuesday, 1 June 2027	Tuesday, 1 June 2027	31	365	806.85
37 <sup>th</sup> Coupon	Monday, 7 June 2027	Monday, 7 June 2027	7	365	156.16
Principal / Maturity Value	Monday, 7 June 2027	Monday, 7 June 2027	0	365	1,00,000

**OPTION II (Cumulative) – 36 Months**

Company	Sakthi Finance Limited
Face value (per security)	₹ 1,00,000
Issue Date	5 June 2024
Date of Allotment	7 June 2024
Redemption	7 June 2027
Coupon Rate / Yield (%)	10.43
Frequency of the interest payment with specified dates	Cumulative
Day count convention	Actual/actual

Cash flows	Due date	Date of Payment	No of days in Coupon period	No of days in a year	Amount
1 <sup>st</sup> Coupon	Monday, 7 June 2027	Monday, 7 June 2027	1096	365	1,31,294

**OPTION III (Non - Cumulative) – 60 Months**

Company	Sakthi Finance Limited
Face value (per security)	₹ 1,00,000
Issue Date	<b>5 June 2024</b>
Date of Allotment	<b>7 June 2024</b>
Redemption	<b>7 June 2029</b>
Coupon Rate for all Category	<b>10.25</b>
Frequency of the interest payment with specified dates	<b>Monthly</b>
Day count convention	Actual/actual

Cash flows	Due date	Date of Payment	No of days in Coupon period	No of days in a year	Amount
1 <sup>st</sup> Coupon	Monday, 1 July 2024	Monday, 1 July 2024	24	366	672.13
2 <sup>nd</sup> Coupon	Thursday, 1 August 2024	Thursday, 1 August 2024	31	366	868.17
3 <sup>rd</sup> Coupon	Sunday, 1 September 2024	Monday, 2 September 2024	31	366	868.17
4 <sup>th</sup> Coupon	Tuesday, 1 October 2024	Tuesday, 1 October 2024	30	366	840.16
5 <sup>th</sup> Coupon	Friday, 1 November 2024	Friday, 1 November 2024	31	366	868.17
6 <sup>th</sup> Coupon	Sunday, 1 December 2024	Monday, 2 December 2024	30	366	840.16
7 <sup>th</sup> Coupon	Wednesday, 1 January 2025	Wednesday, 1 January 2025	31	366	868.17
8 <sup>th</sup> Coupon	Saturday, 1 February 2025	Saturday, 1 February 2025	31	365	870.55
9 <sup>th</sup> Coupon	Saturday, 1 March 2025	Saturday, 1 March 2025	28	365	786.30
10 <sup>th</sup> Coupon	Tuesday, 1 April 2025	Tuesday, 1 April 2025	31	365	870.55
11 <sup>th</sup> Coupon	Thursday, 1 May 2025	Thursday, 1 May 2025	30	365	842.47
12 <sup>th</sup> Coupon	Sunday, 1 June 2025	Tuesday, 2 June 2025	31	365	870.55
13 <sup>th</sup> Coupon	Tuesday, 1 July 2025	Tuesday, 1 July 2025	30	365	842.47
14 <sup>th</sup> Coupon	Friday, 1 August 2025	Friday, 1 August 2025	31	365	870.55
15 <sup>th</sup> Coupon	Monday, 1 September 2025	Monday, 1 September 2025	31	365	870.55
16 <sup>th</sup> Coupon	Wednesday, 1 October 2025	Wednesday, 1 October 2025	30	365	842.47

17 <sup>th</sup> Coupon	Saturday, 1 November 2025	Saturday, 1 November 2025	31	365	870.55
18 <sup>th</sup> Coupon	Monday, 1 December 2025	Monday, 1 December 2025	30	365	842.47
19 <sup>th</sup> Coupon	Thursday, 1 January 2026	Friday, 2 January 2026	31	365	870.55
20 <sup>th</sup> Coupon	Sunday, 1 February 2026	Monday, 2 February 2026	31	365	870.55
21 <sup>st</sup> Coupon	Sunday, 1 March 2026	Monday, 2 March 2026	28	365	786.30
22 <sup>nd</sup> Coupon	Wednesday, 1 April 2026	Wednesday, 1 April 2026	31	365	870.55
23 <sup>rd</sup> Coupon	Friday, 1 May 2026	Saturday, 2 May 2026	30	365	842.47
24 <sup>th</sup> Coupon	Monday, 1 June 2026	Monday, 1 June 2026	31	365	870.55
25 <sup>th</sup> Coupon	Wednesday, 1 July 2026	Wednesday, 1 July 2026	30	365	842.47
26 <sup>th</sup> Coupon	Saturday, 1 August 2026	Saturday, 1 August 2026	31	365	870.55
27 <sup>th</sup> Coupon	Tuesday, 1 September 2026	Tuesday, 1 September 2026	31	365	870.55
28 <sup>th</sup> Coupon	Thursday, 1 October 2026	Thursday, 1 October 2026	30	365	842.47
29 <sup>th</sup> Coupon	Sunday, 1 November 2026	Monday, 2 November 2026	31	365	870.55
30 <sup>th</sup> Coupon	Tuesday, 1 December 2026	Tuesday, 1 December 2026	30	365	842.47
31 <sup>st</sup> Coupon	Friday, 1 January 2027	Saturday, 2 January 2027	31	365	870.55
32 <sup>nd</sup> Coupon	Monday, 1 February 2027	Monday, 1 February 2027	31	365	870.55
33 <sup>rd</sup> Coupon	Monday, 1 March 2027	Monday, 1 March 2027	28	365	786.30
34 <sup>th</sup> Coupon	Thursday, 1 April 2027	Thursday, 1 April 2027	31	365	870.55
35 <sup>th</sup> Coupon	Saturday, 1 May 2027	Saturday, 1 May 2027	30	365	842.47
36 <sup>th</sup> Coupon	Tuesday, 1 June 2027	Tuesday, 1 June 2027	31	365	870.55
37 <sup>th</sup> Coupon	Thursday, 1 July 2027	Thursday, 1 July 2027	30	365	842.47
38 <sup>th</sup> Coupon	Sunday, 1 August 2027	Monday, 2 August 2027	31	365	870.55
39 <sup>th</sup> Coupon	Wednesday, 1 September 2027	Wednesday, 1 September 2027	31	365	870.55
40 <sup>th</sup> Coupon	Friday, 1 October 2027	Friday, 1 October 2027	30	365	842.47
41 <sup>st</sup> Coupon	Monday, 1 November 2027	Monday, 1 November 2027	31	365	870.55
42 <sup>nd</sup> Coupon	Wednesday, 1 December 2027	Wednesday, 1 December 2027	30	365	842.47
43 <sup>rd</sup> Coupon	Saturday, 1 January 2028	Monday, 3 January 2028	31	365	868.17

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(This Key Information Document is neither a prospectus nor a statement in lieu of a prospectus)



44 <sup>th</sup> Coupon	Tuesday, 1 February 2028	Tuesday, 1 February 2028	31	366	868.17
45 <sup>th</sup> Coupon	Wednesday, 1 March 2028	Wednesday, 1 March 2028	29	366	784.15
46 <sup>th</sup> Coupon	Saturday, 1 April 2028	Saturday, 1 April 2028	31	366	868.17
47 <sup>th</sup> Coupon	Monday, 1 May 2028	Monday, 1 May 2028	30	366	840.16
48 <sup>th</sup> Coupon	Thursday, 1 June 2028	Thursday, 1 June 2028	31	366	868.17
49 <sup>th</sup> Coupon	Saturday, 1 July 2028	Saturday, 1 July 2028	30	366	840.16
50 <sup>th</sup> Coupon	Tuesday, 1 August 2028	Tuesday, 1 August 2028	31	366	868.17
51 <sup>st</sup> Coupon	Friday, 1 September 2028	Friday, 1 September 2028	31	366	868.17
52 <sup>nd</sup> Coupon	Sunday, 1 October 2028	Tuesday, 3 October 2028	30	366	840.16
53 <sup>rd</sup> Coupon	Wednesday, 1 November 2028	Wednesday, 1 November 2028	31	366	868.17
54 <sup>th</sup> Coupon	Friday, 1 December 2028	Friday, 1 December 2028	30	366	840.16
55 <sup>th</sup> Coupon	Monday, 1 January 2029	Tuesday, 2 January 2029	31	366	868.17
56 <sup>th</sup> Coupon	Thursday, 1 February 2029	Thursday, 1 February 2029	31	365	870.55
57 <sup>th</sup> Coupon	Thursday, 1 March 2029	Thursday, 1 March 2029	28	365	786.30
58 <sup>th</sup> Coupon	Sunday, 1 April 2029	Monday, 2 April 2029	31	365	870.55
59 <sup>th</sup> Coupon	Tuesday, 1 May 2029	Tuesday, 1 May 2029	30	365	842.47
60 <sup>th</sup> Coupon	Friday, 1 June 2029	Friday, 1 June 2029	31	365	870.55
61 <sup>st</sup> Coupon	Thursday, 7 June 2029	Thursday, 7 June 2029	7	365	168.49
Principal / Maturity value	Thursday, 7 June 2029	Thursday, 7 June 2029	0	365	1,00,000

**OPTION IV (Cumulative) – 60 Months**

Company	Sakthi Finance Limited
Face value (per security)	₹ 1,00,000
Issue Date	<b>5 June 2024</b>
Date of Allotment	<b>7 June 2024</b>
Redemption	<b>7 June 2029</b>
Coupon Rate / Yield (%)	<b>12.58</b>
Frequency of the interest payment with specified dates	<b>Cumulative</b>
Day count convention	Actual/actual

<b>Cash flows</b>	<b>Due date</b>	<b>Date of Payment</b>	<b>No of days in Coupon period</b>	<b>No of days in a year</b>	<b>Amount</b>
1 <sup>st</sup> Coupon	Thursday, 7 June 2029	Thursday, 7 June 2029	1826	365	1,62,890

**ANNEXURE C: CREDIT RATING AND RATIONALE**

**STARTS FROM BELOW PAGE**

**CONFIDENTIAL**

Ref. No. ICRA/Sakthi Finance Limited/02022024/1

February 02, 2024

**Mr. M. Balasubramaniam**  
**Vice Chairman & Managing Director**  
**Sakthi Finance Limited**  
62, Dr. Nanjappa Road  
Coimbatore - 641 018

Dear Sir,

**Re: ICRA Credit Rating for Rs. 828.02 crore NCD Programme of Sakthi Finance Limited  
(instrument details in Annexure)**

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In terms of the Statement of Work dated November 17, 2023 executed between Sakthi Finance Limited and ICRA Limited (ICRA), ICRA is required to review the rating, on an annual basis, or as and when the circumstances so warrant.

Please note that the Rating Committee of ICRA, after due consideration of the latest development in your company, has reaffirmed the rating of your NCD programme at **[ICRA]BBB (pronounced as ICRA triple B)**. The Outlook on the long-term rating is **Stable**. Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk.

In any of your publicity material or other document wherever you are using our above rating, it should be stated as “[ICRA]BBB(Stable)”.

This rating is specific to the terms and conditions of the proposed issue as was indicated to us by you and any change in the terms or size of the issue would require the rating to be reviewed by us. If there is any change in the terms and conditions or size of the instrument rated, as above, the same must be brought to our notice before the issue of the instrument. If there is any such change after the rating is assigned by us and accepted by you, it would be subject to our review and may result in change in the rating assigned.

ICRA reserves the right to review and/ or, revise the above rating at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the rating assigned to you.

The rating, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the instruments issued by you.



You are also requested to forthwith inform us about any default or delay in repayment of interest or principal amount of the instrument rated, as above, or any other debt instruments/ borrowing and keep us informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s). Further, you are requested to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority(ies) is exceeded.

We thank you for your kind co-operation extended during the course of the rating exercise. Please let us know if you need any clarification.

We look forward to further strengthening our existing relationship and assure you of our best services.

With kind regards,

Yours sincerely,

for ICRA Limited

**SRINIVASAN**  
**RANGASWAMY**

Digitally signed by  
SRINIVASAN RANGASWAMY  
Date: 2024.02.02 16:37:22  
+05'30'

**(R Srinivasan)**  
**Vice President**

Email: [r.srinivasan@icraindia.com](mailto:r.srinivasan@icraindia.com)



Annexure

**LIST OF ALL INSTRUMENTS RATED (WITH AMOUNT OUTSTANDING)**

<b>Rated Instrument</b>	<b>Rated Amount (In Crores)</b>	<b>Amount Outstanding (In Crores)</b>	<b>Rating Action</b>
<b>NCD (Public issue)</b>			
INE302E07300	18.94	18.94	<b>[ICRA]BBB(Stable); reaffirmed</b>
INE302E07318	2.49	2.49	
INE302E07326	11.29	11.29	
INE302E07359	16.63	16.63	
INE302E07367	15.95	15.95	
INE302E07375	35.66	35.66	
INE302E07383	21.07	21.07	
INE302E07409	8.26	8.26	
INE302E07425	4.12	4.12	
INE302E07441	2.28	2.28	
INE302E07466	43.75	43.75	
INE302E07417	12.35	12.35	
INE302E07433	6.81	6.81	
INE302E07458	1.26	1.26	
INE302E07474	21.17	21.17	
INE302E08027	20.85	20.85	
INE302E08035	1.07	1.07	
INE302E08043	21.84	21.84	
INE302E08050	7.39	7.39	
INE302E08068	0.67	0.67	
INE302E08076	7.98	7.98	
INE302E08084	30.89	30.89	
INE302E08092	16.71	16.71	
INE302E07573	13.49	13.49	
INE302E07508	19.53	19.53	
INE302E07540	6.56	6.56	
INE302E07516	15.40	15.40	
INE302E07557	2.10	2.10	
INE302E07490	2.51	2.51	
INE302E07565	50.75	50.75	
INE302E07524	16.16	16.16	
INE302E07532	20.36	20.36	
Unutilised	201.73	201.73	
<b>Total</b>	<b>678.02</b>	<b>678.02</b>	
<b>NCD (Private issue)</b>			
Unutilised	150.00	150.00	<b>[ICRA]BBB(Stable); reaffirmed</b>
<b>Total</b>	<b>150.00</b>	<b>150.00</b>	
<b>Grand Total</b>	<b>828.02</b>	<b>828.02</b>	

February 05, 2024

## Sakthi Finance Limited: Ratings reaffirmed

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-convertible debentures (NCDs) – Public issue	828.02	678.02	[ICRA]BBB (Stable); reaffirmed
Non-convertible debentures (NCDs) – Private issue		150.00	[ICRA]BBB (Stable); reaffirmed
Fixed deposits	-	-	[ICRA]BBB (Stable); reaffirmed
Fund based – Term loans	114.76	114.76	[ICRA]BBB (Stable); reaffirmed
Fund-based long-term facilities from banks	100.00	100.00	[ICRA]BBB (Stable); reaffirmed
Fund based – Interchangeable <sup>#</sup>	(47.88)	(47.88)	[ICRA]BBB (Stable)/[ICRA]A2; reaffirmed
Fund-based short-term facilities from banks	100.00	100.00	[ICRA]A2; reaffirmed
<b>Total</b>	<b>1,142.78</b>	<b>1,142.78</b>	

\*Instrument details are provided in Annexure I; <sup>#</sup>Sub-limit of fund-based long-term facilities from banks

### Rationale

The ratings reaffirmation takes into consideration Sakthi Finance Limited's (SFL) track record in the retail financing business and its established franchise, which has evolved over the last six decades of operations. The ratings also factor in the company's demonstrated ability to raise market borrowings via non-convertible debentures (NCDs), which are retail in nature, through public placement over the years. The ratings are, however, constrained by SFL's geographically concentrated operations, the highly competitive business environment, and its subdued profitability indicators. The ratings also take into consideration the company's moderate asset quality profile, with its gross stage 3 assets (GS3) standing at 5.7% (provisional) as of September 2023.

SFL's capitalisation profile is adequate for its medium-term growth plans; its gearing stood at 6.0 times as of September 2023 (provisional; 5.9 times as of March 2023). ICRA notes that SFL is planning to raise Rs. 200.00 crore through the public issuance of debentures in February 2024, which is expected to support its liquidity position in the near term. Going forward, it would be crucial for the company to diversify its funding profile to support portfolio growth while maintaining an adequate liquidity profile.

ICRA notes that SFL had stopped taking fresh deposits since H2 FY2021 while the renewal of existing deposits was discontinued from April 2021, following the Reserve Bank of India's (RBI) observations on the sub-debt raised by the company via private placements till FY2020<sup>1</sup>. Accordingly, the deposits outstanding were run down over the last two years and the same, along with the non-compliant sub-debt, stood at ~Rs. 262 crore as of September 2023, which is estimated to be within the permissible deposit cap of 1.5 times of the net owned funds (NOF). From September 2023, SFL started accepting fresh deposits again and it also commenced the renewal of existing deposits. The company will mobilise incremental public deposits as and when these sub-debts come up for maturity over the next few years. However, it would be required to augment its statutory liquid assets for the non-compliant sub-debt, in case of any adverse observation by the RBI regarding the same.

<sup>1</sup> The sub-debt raised by the company until FY2020, via a private placement to retail/high-net-worth individual (HNI) investors (Rs. 234 crore outstanding as of December 2023), was not in adherence to the RBI's guidelines on raising money via private placement by a non-banking financial company (NBFC)

## Key rating drivers and their description

### Credit strengths

**Established franchise and track record in regional market** – SFL has a track record of more than six decades in the vehicle finance segment, with operations across Tamil Nadu, Kerala, Andhra Pradesh and Karnataka. It has a good understanding of the target segments, mainly the used commercial vehicle (CV) segment, and has established customer relationships. The company has leveraged the franchise by raising market borrowings via NCDs, which are retail in nature, through public placement over the years. SFL has demonstrated its ability to do the same by raising Rs. 666 crore over the last five and half years (FY2019-H1 FY2024), with each issuance having a sizeable number of retail investors and an average investment size of about Rs. 5 lakh.

ICRA notes that the Sakthi Group's presence in related businesses, like automotive dealerships, has aided effective origination, prudent appraisal, and good market responsiveness, monitoring and collections. The company has a branch-centric operating model with an in-house origination team, which is responsible for collections, while the credit sanctions are centralised. SFL conducts credit bureau checks to screen its customers, followed by a field investigation and an income assessment and viability analysis as a part of its loan origination process. It has implemented a workflow management system in most of its branches, which enables the management to monitor sourcing and collection activities on a real-time basis.

**Adequate capitalisation, considering medium-term growth plans** – SFL has an adequate capitalisation profile with a gearing<sup>2</sup> of 6.0 times as of September 2023 (5.9 times as of March 2023 and 6.1 times as of March 2022). ICRA notes that the company's modest near-term portfolio growth expectations would keep its capital structure under control. SFL envisages to reduce its gearing below 6.0 times over the medium term, supported by the raising of capital (including via disposal of non-core assets). This would help the company improve its portfolio growth further over the medium to long term. SFL's total capital adequacy stood at 17.3% (provisional; Tier I at 13.4%) as of September 2023.

### Credit challenges

**Regionally concentrated operations** – SFL has a regionally concentrated portfolio with Tamil Nadu and Kerala accounting for 95% of the total portfolio as of September 2023. ICRA expects the portfolio share to remain concentrated, given the company's limited branch expansion plans for the medium term.

SFL's portfolio increased at a compound annual growth rate (CAGR) of about 6% during FY2020-FY2023. The portfolio grew by a moderate 4% in FY2023 and further by 8% (annualised) to Rs. 1,230 crore in H1 FY2024. This was supported by improved disbursements, which stood at Rs. 822 crore in FY2023 vis-à-vis Rs. 597 crore in FY2022 (Rs. 347 crore in H1 FY2024).

**Subdued profitability indicators, notwithstanding improvement in FY2023 and H1 FY2024** – SFL's profit after tax (PAT), as a proportion of total assets, has been subdued in the past (average of 0.9% in FY2018-FY2022). It witnessed a modest improvement over the last two years to 1.0% in FY2023 and 1.1% in H1 FY2024, supported by higher interest margins and credit costs. The net interest margin (NIM) improved to 6.4% in H1 FY2024 and 6.3% in FY2023 from 5.6% in FY2022 (5.1% in FY2021) due to increasing yields and the stable cost of funds, notwithstanding the increase in systemic rates. Further, credit costs moderated to 0.5% in H1 FY2024 (0.7% in FY2023) from 0.8% in FY2022, as the impact of the Covid-19 pandemic has largely been absorbed. However, the operating costs increased to 4.6% in H1 FY2024 (4.4% in FY2023) from 4.1% in FY2022 (4.0% in FY2021) due to the modest portfolio growth. Going forward, the company's ability to increase its operating efficiency and keep the credit costs under control would be critical for improving its profitability.

**Moderate asset quality** – SFL's GS3 increased to 5.7% in September 2023 and 5.8% in March 2023 from 5.2% in March 2022 as it has aligned the GS3 reporting with the updated IRAC<sup>3</sup> norms, which require the daily stamping of accounts. Consequently,

<sup>2</sup> Net worth (Ind-AS) adjusted for revaluation reserve

<sup>3</sup> RBI circular dated November 12, 2021 regarding prudential norms on Income Recognition, Asset Classification and Provisioning



the provision coverage on the GS3 assets declined to 49.6% as of September 2023 and 51.0% as of March 2023 from 60.4% in March 2022. The softer bucket overdues (30+ days past due; dpd) stood at 13.3% in September 2023 and 17.7% in March 2023 vis-à-vis 12.9% in March 2022 (14.1% in March 2021). Nevertheless, ICRA notes that SFL has been able to keep its credit costs (0.5% in H1 FY2024, 0.7% in FY2023 and 0.4-0.8% during FY2018-FY2022) under control, demonstrating its ability to make recoveries from harder bucket delinquencies as well. ICRA also notes that it would be critical for the company to keep recoveries in line with the past, so as to maintain the asset quality and ensure that the credit costs are under control.

**Diversification of funding mix critical for long-term growth plans** – As of September 2023, loans from banks and financial institutions, deposits, NCDs (public issue), NCDs (private placement), preference shares, and sub-debt accounted for 15%, 2%, 44%, 11%, 1% and 26%, respectively, of the total debt. The increase in the share of public NCDs in the recent past has led to chunky outflows on maturity, which the company has been managing through the incremental fresh public issuance of NCDs. SFL is currently in the process of raising Rs. 200.00 crore through the public issuance of debentures in February 2024, which is expected to support its NCD redemptions in the coming months and help it maintain an adequate liquidity profile. The company's track record of raising money via public issuances provides comfort.

Over the last few years, SFL's financial flexibility was constrained by the continued weakness in the performance of Group entities; however, with the recent resolution of some of the Group-related issues, the same is expected to improve, going forward. ICRA notes that SFL has been significantly dependent on market borrowings in the recent past, especially via the public issuance of debentures.

ICRA notes that the company would be required to augment its statutory liquid assets for the non-compliant sub-debt, in case of any adverse observation by the RBI. As such, SFL's ability to diversify its lender base to achieve its long-term growth plans and to maintain adequate liquidity will be a key monitorable.

## Environmental and social risks

Given the service-oriented business of SFL, its direct exposure to environmental risks/material physical climate risks is not significant. However, the residual value of the security could reduce in case of policy changes such as an incremental rulings on the reduction in the operating life of CVs, thereby impacting the profitability. Further, there is increasing interest from policymakers towards identifying the exposure of financing companies to carbon emissions through their financing activities. However, this process is in an early stage and ICRA expects any adverse implications to manifest only over a longer time horizon, giving financing companies adequate time to adapt and minimise the credit implications.

With regard to social risks, data security and customer privacy are among the key sources of vulnerability for lending institutions as material lapses could be detrimental to their reputation and invite regulatory censure. The company has not faced any lapse over the years, which highlights its sensitivity to such risks.

## Liquidity position: Adequate

SFL had unencumbered cash and liquid investments of Rs. 30.4 crore and undrawn bank lines of Rs. 39.2 crore as on November 30, 2023 with a debt obligation of Rs. 133.1 crore (including sub-debt payments of Rs. 79.0 crore) during December 2023-February 2024. Monthly collections have been stable and remained healthy at ~Rs. 60-65 crore, which will support the liquidity profile. The asset-liability maturity (ALM) profile, as on November 30, 2023, does not reflect cumulative negative mismatches up to 12 months. The proposed public issuance of NCDs in February 2024 is expected to improve its liquidity position further.

## Rating sensitivities

**Positive factors** – A steady improvement in SFL's funding, asset quality and earnings profile shall positively impact the ratings.

**Negative factors** – Pressure on the ratings could arise on a deterioration in SFL's liquidity profile or an increase in the gearing beyond 7.0 times on a sustained basis or a significant weakening in the asset quality, which could adversely impact its earnings.

## Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Rating Methodology for Non-banking Finance Companies</a>
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the standalone financial statements of SFL

## About the company

Sakthi Finance Limited (SFL), incorporated in 1955, is a part of the Sakthi Group, which has a presence in sectors such as sugar, beverages, automobile and transport dealerships, auto components and textiles. It primarily finances CVs, which constituted 90% of its total portfolio as of September 2023. The remaining portfolio consisted of loans towards the purchase of cars, construction equipment and other machinery. SFL mainly operates in Tamil Nadu and Kerala, which together accounted for about 95% of the total portfolio.

In FY2023, SFL reported a net profit of Rs. 12.5 crore on a managed asset base of Rs. 1,275.9 crore compared to Rs. 9.5 crore and Rs. 1,244.3 crore, respectively, in FY2022. As per the provisional financials for H1 FY2024, the company reported a net profit of Rs. 7.2 crore on a managed asset base of Rs. 1,322.6 crore.

### Key financial indicators (audited)

Sakthi Finance Limited	FY2022	FY2023	H1 FY2024
	Ind-AS	Ind-AS	Ind-AS
Total income	181.0	191.5	99.0
Profit after tax	9.5	12.5	7.2
Total managed assets	1,244.3	1,275.9	1,322.6
Return on managed assets	0.8%	1.0%	1.1%
Gearing (times)*	6.1	5.9	6.0
Gross stage 3	5.2%	5.8%	5.7%
CRAR**	21.7%	19.7%	17.3%

Source: Company, ICRA Research; \*Adjusted for revaluation reserve; \*\*Not considering sub-debt (private placement) as Tier II capital; Amount in Rs. crore

### Status of non-cooperation with previous CRA: Not applicable

Any other information: None

### Rating history for past three years

Instrument	Type	Current Rating (FY2024)		Chronology of Rating History for the Past 3 Years								
		Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2024		Date & Rating in FY2023		Date & Rating in FY2022		Date & Rating in FY2021		
				Feb 05, 2024	Jan 12, 2024	Mar 20, 2023	May 31, 2022	Mar 22, 2022	Apr 26, 2021	Aug 04, 2020	Apr 13, 2020	
1 NCDs (public issue)	Long term	678.02	678.02	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB&
2 NCDs (private issue)	Long term	150.00	150.00	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB&
3 Fixed deposit	Long term	-	-	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	MA- (Stable)	MA- (Stable)	MA- (Stable)	MA- (Stable)	MA-&
4 Term loans	Long term	114.76	114.76	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB&
5 Long-term bank facilities	Long term	100.00	100.00	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB&
6 Fund-based interchangeable <sup>^</sup>	Long term/ Short term	(47.88)	(47.88)	[ICRA]BBB (Stable)/ [ICRA]A2	[ICRA]BBB (Stable)/ [ICRA]A2	[ICRA]BBB (Stable)/ [ICRA]A2	[ICRA]BBB (Stable)/ [ICRA]A2	[ICRA]BBB (Stable)/ [ICRA]A2	[ICRA]BBB (Stable)/ [ICRA]A2	[ICRA]BBB (Stable)/ [ICRA]A2	[ICRA]BBB (Stable)/ [ICRA]A2	[ICRA]BBB&/ [ICRA]A2&
7 Short-term bank facilities	Short term	100.00	100.00	[ICRA]A2	[ICRA]A2	[ICRA]A2	[ICRA]A2	[ICRA]A2	[ICRA]A2	[ICRA]A2	[ICRA]A2	[ICRA]A2&

& Rating on watch with developing implications; <sup>^</sup> Sub-limit of fund-based long-term facilities from banks

## Complexity level of the rated instrument

Instrument	Complexity Indicator
Long-term fund based – Cash credit	Simple
Short-term fund based – Working capital demand loan	Simple
Fund based – Interchangeable <sup>^</sup>	Simple
Long-term fund based – Term loans	Simple
Fixed deposit programme	Very Simple
NCD	Very Simple

<sup>^</sup> Sub-limit of fund-based long-term facilities from banks

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

**Annexure I: Instrument details**

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE302E07300	NCD (public issue)	May-08-2020	10.00%	Jun-08-2024	18.94	[ICRA]BBB (Stable)
INE302E07318	NCD (public issue)	May-08-2020	10.00%	Jun-08-2024	2.49	[ICRA]BBB (Stable)
INE302E07326	NCD (public issue)	May-08-2020	12.17%	Jun-08-2024	11.29	[ICRA]BBB (Stable)
INE302E07359	NCD (public issue)	Jul-29-2021	9.75%	Oct-29-2024	16.63	[ICRA]BBB (Stable)
INE302E07367	NCD (public issue)	Jul-29-2021	11.32%	Oct-29-2024	15.95	[ICRA]BBB (Stable)
INE302E07375	NCD (public issue)	Jul-29-2021	10.00%	Aug-29-2025	35.66	[ICRA]BBB (Stable)
INE302E07383	NCD (public issue)	Jul-29-2021	12.17%	Aug-29-2025	21.07	[ICRA]BBB (Stable)
INE302E07409	NCD (public issue)	Apr-29-2022	8.50%	Apr-29-2024	8.26	[ICRA]BBB (Stable)
INE302E07425	NCD (public issue)	Apr-29-2022	8.75%	Apr-29-2025	4.12	[ICRA]BBB (Stable)
INE302E07441	NCD (public issue)	Apr-29-2022	9.00%	Apr-29-2026	2.28	[ICRA]BBB (Stable)
INE302E07466	NCD (public issue)	Apr-29-2022	10.00%	Apr-29-2027	43.75	[ICRA]BBB (Stable)
INE302E07417	NCD (public issue)	Apr-29-2022	9.16%	Apr-29-2024	12.35	[ICRA]BBB (Stable)
INE302E07433	NCD (public issue)	Apr-29-2022	9.88%	Apr-29-2025	6.81	[ICRA]BBB (Stable)
INE302E07458	NCD (public issue)	Apr-29-2022	10.69%	Apr-29-2026	1.26	[ICRA]BBB (Stable)
INE302E07474	NCD (public issue)	Apr-29-2022	12.77%	Apr-29-2027	21.17	[ICRA]BBB (Stable)
INE302E08027	NCD (public issue)	May-15-2019	10.25%	Jun-15-2024	20.85	[ICRA]BBB (Stable)
INE302E08035	NCD (public issue)	May-15-2019	10.25%	Jun-15-2024	1.07	[ICRA]BBB (Stable)
INE302E08043	NCD (public issue)	May-15-2019	13.24%	Jun-15-2024	21.84	[ICRA]BBB (Stable)
INE302E08050	NCD (public issue)	May-08-2020	10.25%	Jul-08-2025	7.39	[ICRA]BBB (Stable)
INE302E08068	NCD (public issue)	May-08-2020	10.25%	Jul-08-2025	0.67	[ICRA]BBB (Stable)
INE302E08076	NCD (public issue)	May-08-2020	13.30%	Jul-08-2025	7.98	[ICRA]BBB (Stable)
INE302E08084	NCD (public issue)	Jul-29-2021	10.50%	Aug-29-2026	30.89	[ICRA]BBB (Stable)
INE302E08092	NCD (public issue)	Jul-29-2021	13.64%	Aug-29-2026	16.71	[ICRA]BBB (Stable)
INE302E07573	NCD (public issue)	May-08-2023	9.00%	May-08-2025	13.49	[ICRA]BBB (Stable)
INE302E07508	NCD (public issue)	May-08-2023	9.74%	May-08-2025	19.53	[ICRA]BBB (Stable)
INE302E07540	NCD (public issue)	May-08-2023	9.25%	May-08-2026	6.56	[ICRA]BBB (Stable)
INE302E07516	NCD (public issue)	May-08-2023	10.52%	May-08-2026	15.4	[ICRA]BBB (Stable)
INE302E07557	NCD (public issue)	May-08-2023	9.50%	May-08-2027	2.1	[ICRA]BBB (Stable)
INE302E07490	NCD (public issue)	May-08-2023	11.40%	May-08-2027	2.51	[ICRA]BBB (Stable)
INE302E07565	NCD (public issue)	May-08-2023	10.25%	May-08-2028	50.75	[ICRA]BBB (Stable)
INE302E07524	NCD (public issue)	May-08-2023	13.17%	May-08-2028	16.16	[ICRA]BBB (Stable)
INE302E07532	NCD (public issue)	May-08-2023	14.30%	May-08-2030	20.36	[ICRA]BBB (Stable)
Unutilised	NCD (public issue)	NA	NA	NA	201.73	[ICRA]BBB (Stable)
Unutilised	NCD (private issue)	NA	NA	NA	150.00	[ICRA]BBB (Stable)
NA	Fixed deposits	NA	NA	NA	-	[ICRA]BBB (Stable)
NA	Term loans	Sep-2023 to Dec-2023	NA	Mar-2024 to Apr-2028	114.76	[ICRA]BBB (Stable)
NA	Cash credit	NA	NA	NA	100.00	[ICRA]BBB (Stable)
NA	Fund-based interchangeable <sup>^</sup>	NA	NA	NA	(47.88) <sup>^</sup>	[ICRA]BBB (Stable) / [ICRA]A2
NA	Working capital demand loan	NA	NA	NA	100.00	[ICRA]A2

Source: Company; <sup>^</sup> Sub-limit of fund-based long-term facilities from banks

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure II: List of entities considered for consolidated analysis – Not applicable**

## ANALYST CONTACTS

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## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**

Tel: +91 124 4545 860

[communications@icraindia.com](mailto:communications@icraindia.com)

## Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

[info@icraindia.com](mailto:info@icraindia.com)

## About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit [www.icra.in](http://www.icra.in)

## ICRA Limited



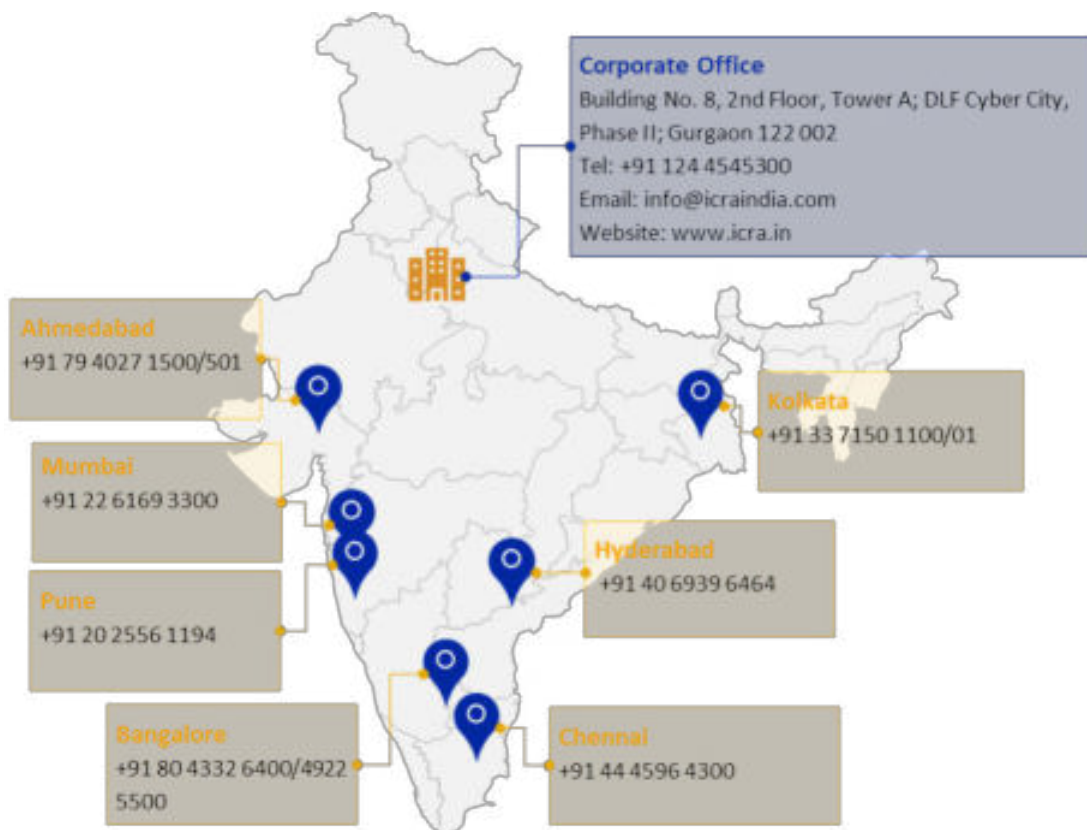
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### Branches



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**ANNEXURE D: DEBENTURE TRUSTEE CONSENT LETTER**

**STARTS FROM BELOW PAGE**



CL/DEB/24-25/140

Date : 03-May-2024

To,  
Subramaniam ,  
Sakthi Finance Limited,  
62 old no 90, Sakthi, Dr.Nanjappa road,,  
Gandhipuram, Coimbatore,,  
Coimbatore,  
Tamil Nadu,  
India 641018.

Dear Sir/ Madam,

**Re: Consent to act as a Debenture Trustee for Private Placement of Fully Paid, Rated, Listed, Redeemable, Transferable, Secured, Non-Convertible Debentures of ₹ 100.00 Crores**

We refer to your letter dated 03.05.2024 , requesting us to convey our consent to act as the Debenture Trustee for captioned issue of Debentures.

We hereby convey our acceptance to act as Debenture Trustees for the said issue Debentures, subject to execution of Debenture Trustee Agreement as per Regulation 13 of SEBI (Debenture Trustee) Regulations, 1993, thereby agreeing to execute Debenture Trust Deed and to create the security if applicable within the timeline as per relevant Laws / Regulations and in the Offer Document / Information Memorandum / Disclosure Document / Placement Memorandum and company agreeing / undertaking to comply with the provisions of SEBI ( Debenture Trustee ) Regulations, 1993, SEBI ( Issue and Listing of Non-Convertible Securities) Regulations 2021, SEBI (Listing Obligations & Disclosure Requirements) Regulation 2015, Companies Act, 2013 and Rules thereunder and other applicable laws as amended from time to time.

Fee Structure for the proposed transaction will be as per annexure A.

Assuring you of the best professional services.

Thanking you.

Yours faithfully,

*Vihang Chavan*



**Name : Vihang Chavan**

**Designation : Assistant Manager**



**ANNEXURE E: EXTRACT OF SHAREHOLDER / BOARD /  
COMMITTEE RESOLUTIONS OF THIS ISSUE**

**STARTS FROM THE BELOW PAGE**



# Sakthi Finance

Since 1955

**CERTIFIED TRUE COPY OF EXTRACT OF MINUTES OF ANNOUNCEMENT OF RESULT OF RESOLUTIONS PASSED THROUGH POSTAL BALLOT BY THE MEMBERS OF THE COMPANY ON MONDAY, 29 APRIL 2024 AT THE REGISTERED OFFICE OF THE COMPANY AT 62, DR NANJAPPA ROAD, COIMBATORE – 641 018**

**ITEM NO. 2: ISSUE OF SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES (“NCDs”) ON PRIVATE PLACEMENT BASIS FOR AN AMOUNT NOT EXCEEDING ₹ 50 CRORES**

**RESOLVED THAT** pursuant to the provisions of Sections 42, 71 and other applicable provisions, if any, of the Companies Act 2013 (“**the Act**”) (including any statutory modification(s) or re-enactment thereof, for the time being in force) read with Companies (Prospectus and Allotment of Securities) Rules 2014 and the Companies (Share Capital and Debentures) Rules 2014 (“**the Rules**”) and in accordance with the provisions of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations 2021 (including any statutory modification(s) or re-enactment thereof, for the time being in force) (“**SEBI NCS Regulations**”) read with the Master Circular, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (“**Listing Regulations**”), as may be applicable, the rules, regulations, guidelines, circulars and RBI directions as applicable to the Non-Banking Financial Companies (“**NBFC**”) amended from time to time, the Memorandum and Articles of Association of the Company and subject to such other approvals as may be prescribed by regulatory authorities from time to time, the approval of the members of the Company be and is hereby given to the Board of Directors of the Company (hereinafter referred to as “**the Board**” which term shall be deemed to include any Committee duly constituted / authorized Committee of the Board) to make invitation(s), to subscribe and offer(s), issue and allot, Listed, Secured, Redeemable, Non-Convertible Debentures (“**NCDs**”) on private placement basis, at such face value as may be permissible under the Act and RBI directions on private placement basis, at par, premium or discount, in one or more tranches for an amount not exceeding ₹ 50 crores, within the overall borrowing limits of the Company approved by the members.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to:

- a. decide whether to issue Secured Debentures, in one or more series or tranches;
- b. decide to list the tranches;
- c. finalize the other terms and conditions including the rate of interest, tenor and security cover thereof, the consideration of the issue, utilization of the issue proceeds and all matters connected to it;
- d. decide on the timing of each tranche.
- e. decide on the persons to whom it can be issued, including companies, bodies corporate, statutory corporations, commercial banks, lending agencies, financial institutions, insurance companies, mutual funds, pension / provident funds and individuals or such other person / persons eligible to subscribe; and
- f. do all such acts, deeds and things and give such directions and further to execute such documents, deeds, instruments, and writings as may be deemed necessary, proper and desirable or expedient to give effect to the above Resolution.



Sakthi Finance Limited

62, Dr. Nanjappa Road, Coimbatore - 641 018, Tamilnadu, India.

Ph : (0422) 2231471 - 474, 4236200 Fax : (0422) 2231915 | www.sakthifinance.com | CIN : L65910TZ1955PLC000145

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any director(s), key managerial person(s) and /or officer(s) of the Company, to give effect to the resolution.

**VOTING DETAILS**

<b>PARTICULARS</b>	<b>REMOTE E-VOTING</b>
Number of members voted	<b>89</b>
Number of valid votes cast	89
Votes in favour of the resolution	5,39,57,611
Votes against the resolution	5
Invalid votes	Nil
% of votes in favour	99.994
<b>RESULT</b>	The Special Resolution was <b>passed</b> under Remote e-voting with requisite majority as specified under the Companies Act 2013

For Sakthi Finance Limited



C Subramaniam  
Company Secretary  
FCS 6971







# Sakthi Finance

Since 1991

CERTIFIED TRUE COPY OF THE MINUTES OF THE DEEMED MEETING OF THE COMPANY HELD ON SATURDAY, 5TH APRIL 2014 AT 11.00 A.M. AT THE REGISTERED OFFICE OF THE COMPANY AT 62, DR NANJAPPA ROAD, COIMBATORE - 641 018 RELATING TO DECLARATION OF THE RESULTS ON THE VOTING BY POSTAL BALLOT CONDUCTED PURSUANT TO SECTION 192A OF THE COMPANIES ACT 1956 ON THE SPECIAL RESOLUTIONS SET OUT IN THE NOTICE DATED 8TH FEBRUARY 2014 UNDER SECTION 192A(2) OF THE COMPANIES ACT 1956

Special Resolution 1: Increasing the borrowing powers of the Company under Section 180(1)(c) of the Companies Act 2013

RESOLVED THAT in supersession of the resolution passed at the 52nd Annual General Meeting of the Company held on 11th September 2009 and pursuant to Section 180(1)(c) and 180(e) of the Companies Act, 2013, and all other applicable provisions, if any, of the Companies Act 2013, and Companies Act 1956 (including any statutory modification or re-enactment thereof) and the Articles of Association of the Company, consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as "**the Board**", which term shall include a Committee authorised for this purpose) of the Company, to borrow, from time to time, any sum or sums of money, as may in the opinion of the Board of Directors be required to be borrowed by the Company, notwithstanding that the monies borrowed and / or to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained and / or to be obtained from the Company's Bankers in the ordinary course of business) will exceed the aggregate of the Paid up Capital of the Company and its Free Reserves, that is to say, Reserves not set apart for any specific purpose, provided that the total monies borrowed by the Company and outstanding at any point of time for the principal amounts of the loans borrowed (apart from temporary loans obtained and / or to be obtained from the Company's Bankers in the ordinary course of business) shall not exceed the sum of ₹ 2,500 crores (Rupees two thousand five hundred crores only) over and above the aggregate of the Paid up Capital of the Company and its Free Reserves.

RESOLVED FURTHER THAT the Board be and is hereby authorised to decide all terms and conditions, in relation to such borrowing, in their absolute discretion and to do all such acts, deeds and things and execute all such documents, instruments and writings on behalf of the Company as may be required to give effect to the above resolution.



Signature of Director  
Sakthi Finance Limited, Coimbatore  
Registered Office: 62, Dr Nanjappa Road, Coimbatore - 641 018



# Sakthi Finance

Since 1995

CERTIFIED TRUE COPY OF THE MINUTES OF THE DEEMED MEETING OF THE COMPANY HELD ON SATURDAY, 5TH APRIL, 2014 AT 11.00 A.M. AT THE REGISTERED OFFICE OF THE COMPANY AT 62, DE. NANJAPPA ROAD, COIMBATORE - 641 018 RELATING TO DECLARATION OF THE RESULTS ON THE VOTING BY POSTAL BALLOT CONDUCTED PURSUANT TO SECTION 152A OF THE COMPANIES ACT 1956 ON THE SPECIAL RESOLUTIONS SET OUT IN THIS NOTICE DATED 8TH FEBRUARY 2014 UNDER SECTION 152A(2) OF THE COMPANIES ACT 1956

**Special Resolution 2: Creation of charge / mortgage on the properties of the Company under Section 180(1)(a) of the Companies Act 2013**

RESOLVED THAT in supersession of the resolution passed at the 52nd Annual General Meeting of the Company held on 13th September, 2009 and pursuant to Section 180(1)(a) of the Companies Act 2013 and other applicable provisions, if any, of the Companies Act 2013 and Companies Act 1956 (including any statutory modification or re-enactment thereof), consent of the Company be and is hereby accorded to the creation by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall include a Committee authorized for this purpose) of such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecation by the Company as may be necessary on such of the assets of the Company, both present and future, in such manner as the Board may direct, together with the power to take over the management of the Company in certain events, to or in favour of the financial institutions, investment institutions and their subsidiaries, banks, mutual funds, trusts and other bodies corporate (hereinafter referred to as the 'Lending Agencies') / Trustees for the holders of debentures / bonds and / or other instruments which may be issued on private placement basis or otherwise, to secure rupee term loans / foreign currency loans, debentures, bonds and other instruments of an equivalent aggregate value not exceeding ₹ 2,500 crores (Rupees Two Thousand Five Hundred Crores only) together with interest thereon at the agreed rates, further interest, liquidated damages, premium on prepayment or on redemption, costs, charges, expenses and all other monies payable by the Company to the Trustees under the Trust Deed and to the Lending Agencies under their respective Agreements / Loan Agreements / Debenture Trust Deeds to be entered into by the Company in respect of the said borrowings.



11/04/2014

11/04/2014

11/04/2014



# Sakthi Finance

Since 1955

2

RESOLVED FURTHER THAT the Board be and is hereby authorised to liaise with the Lending Agencies / Trustees the documents for creating the aforesaid charges, mortgages and hypothecations and to accept any modifications or to modify, alter or vary, the terms and conditions of the aforesaid documents and to do all such acts and things and to execute all such documents as may be necessary to give effect to the above Resolution.

For Sakthi Finance Limited

G. S. Ramaniam  
Company Secretary  
FOS 6971

Sakthi Finance Limited

55, The Finance Building, 100, South Bridge Road, Singapore 069001

Telephone: (65) 434-1111, 434-1112, 434-1113, 434-1114, 434-1115, 434-1116, 434-1117, 434-1118, 434-1119, 434-1120, 434-1121, 434-1122, 434-1123, 434-1124, 434-1125, 434-1126, 434-1127, 434-1128, 434-1129, 434-1130, 434-1131, 434-1132, 434-1133, 434-1134, 434-1135, 434-1136, 434-1137, 434-1138, 434-1139, 434-1140, 434-1141, 434-1142, 434-1143, 434-1144, 434-1145, 434-1146, 434-1147, 434-1148, 434-1149, 434-1150, 434-1151, 434-1152, 434-1153, 434-1154, 434-1155, 434-1156, 434-1157, 434-1158, 434-1159, 434-1160, 434-1161, 434-1162, 434-1163, 434-1164, 434-1165, 434-1166, 434-1167, 434-1168, 434-1169, 434-1170, 434-1171, 434-1172, 434-1173, 434-1174, 434-1175, 434-1176, 434-1177, 434-1178, 434-1179, 434-1180, 434-1181, 434-1182, 434-1183, 434-1184, 434-1185, 434-1186, 434-1187, 434-1188, 434-1189, 434-1190, 434-1191, 434-1192, 434-1193, 434-1194, 434-1195, 434-1196, 434-1197, 434-1198, 434-1199, 434-1200

# SAKTHI FINANCE

AN EDIFICE BUILT ON TRUST

E-Mail:sakthif\_info@sakthifinance.com

CIN:L65910TZ1955PLCOOO145

## RESULTS OF THE POSTAL BALLOT

Results of the voting conducted through Postal Ballot on the Special Resolutions under Sections 180(1)(c) and 180(1)(a) of the Companies Act 2013 for seeking the approval of members for increasing the borrowing powers and creation of charge / mortgage on the properties of the Company respectively for an amount not exceeding ₹ 2,500 crores over and above the paid up capital and free reserves.

### **Special Resolution No.1: Increasing the borrowing powers of the Company**

Particulars	Total
Number of valid ballot forms received	761
Number of votes in favour of the resolution	4,46,16,110
Number of votes against the resolution	43,010
Number of invalid ballot forms received	97

Accordingly, the Special Resolution has been approved by the members with requisite majority.


### **Special Resolution No.2: Creation of Charge / Mortgage on the properties of the Company**

Particulars	Total
Number of valid ballot forms received	731
Number of votes in favour of the resolution	4,45,90,966
Number of votes against the resolution	41,720
Number of invalid ballot forms received	127

Accordingly, the Special Resolution has been approved by the members with requisite majority.

For Sakthi Finance Limited

5th April 2014  
Coimbatore

  
M. Balasubramaniam  
Vice Chairman and Managing Director

Sakthi Finance Limited

6/2, 18, Namappa Road Coimbatore. 041 0181 | 0422-2251471 | 0422-2251915 | W www.sakthifinance.com





# Sakthi Finance

Since 1955

**CERTIFIED TRUE COPY OF EXTRACT FROM THE MINUTES OF THE FIFTH MEETING OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR 2023-24 HELD ON WEDNESDAY, 27 MARCH 2024 AT 11.45 A.M. AT 180 RACE COURSE ROAD, COIMBATORE - 18**

## **8.4 CONSIDERING AND APPROVING ISSUE OF SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES ("NCDs") ON PRIVATE PLACEMENT BASIS FOR AN AMOUNT NOT EXCEEDING ₹ 50 CRORES**

**RESOLVED THAT** subject to the approval of members through Postal Ballot, pursuant to the provisions of Sections 42, 71 and other applicable provisions, if any, of the Companies Act 2013 ("**the Act**") (including any statutory modification(s) or re-enactment thereof, for the time being in force) read with Companies (Prospectus and Allotment of Securities) Rules 2014 and the Companies (Share Capital and Debentures) Rules 2014 ("**the Rules**") and in accordance with the provisions of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations 2021 (including any statutory modification(s) or re-enactment thereof, for the time being in force) ("**SEBI NCS Regulations**") read with the Master Circular, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ("**Listing Regulations**"), as may be applicable, the rules, regulations, guidelines, circulars and RBI directions as applicable to the Non-Banking Financial Companies ("**NBFC**") amended from time to time, the Memorandum and Articles of Association of the Company and subject to such other approvals as may be prescribed by regulatory authorities from time to time, the approval of the members of the Company be and is hereby given to the Board of Directors of the Company (hereinafter referred to as "**the Board**" which term shall be deemed to include any Committee duly constituted / authorized Committee of the Board) to make invitation(s), to subscribe and offer(s), issue and allot, Listed, Secured, Redeemable, Non-Convertible Debentures ("**NCDs**") on private placement basis, at such face value as may be permissible under the Act and RBI directions on private placement basis, at par, premium or discount, in one or more tranches for an amount not exceeding ₹ 50 crores, within the overall borrowing limits of the Company approved by the members.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to:

- decide whether to issue Secured Debentures, in one or more series or tranches;
- decide to list the tranches;
- finalize the other terms and conditions including the rate of interest, tenor and security cover thereof, the consideration of the issue, utilization of the issue proceeds and all matters connected to it;
- decide on the timing of each tranche.
- decide on the persons to whom it can be issued, including companies, bodies corporate, statutory corporations, commercial banks, lending



Sakthi Finance Limited

62, Dr. Nanjappa Road, Coimbatore - 641 018, Tamilnadu, India.

Ph : (0422) 2231471 - 474, 4236200 Fax : (0422) 2231915 | www.sakthifinance.com | CIN : L65910TZ1955PLC000145



# Sakthi Finance

Since 1955

- agencies, financial institutions, insurance companies, mutual funds, pension / provident funds and individuals or such other person / persons eligible to subscribe; and
- f. do all such acts, deeds and things and give such directions and further to execute such documents, deeds, instruments, and writings as may be deemed necessary, proper and desirable or expedient to give effect to the above Resolution.

**RESOLVED FURTHER THAT** a copy of Private Placement Offer Letter in Form PAS-4 containing the required particulars, a copy of which was circulated to the Board members, be and is hereby approved / taken on record.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including any Committee thereof), be and is hereby authorized to do all such acts, deeds and things and give such directions as may be deemed necessary or expedient, including determining the terms and conditions of the NCDs and other debt securities, to give effect to the above Resolutions.

**RESOLVED FURTHER THAT** Sri Srinivasan Anand, Chief Financial Officer and Sri C Subramaniam, Company Secretary be and is hereby severally authorized to take required steps to file necessary e-form with MCA / Registrar of Companies in this regard.

**r Sakthi Finance Limited**

**C. Subramaniam**  
**Company Secretary**  
**#CS 6971**







# Sakthi Finance

Since 1955

CERTIFIED TRUE COPY FROM THE EXTRACT OF THE MINUTES OF THE FIFTH MEETING OF THE FINANCE, INVESTMENT AND SECURITIES ISSUANCE COMMITTEE HELD ON THURSDAY, 30 MAY 2024 AT 3.00 P.M AT 62 DR NANJAPPA ROAD, COIMBATORE

**4.0 CONSIDERING AND APPROVING THE DISCLOSURE DOCUMENTS FOR ISSUE OF RATED, SECURED, REDEEMABLE, NON CONVERTIBLE DEBENTURES FOR AN AMOUNT NOT EXCEEDING ₹ 4,900 LAKHS UNDER PRIVATE PLACEMENT BASIS**

**RESOLVED THAT** pursuant to Section 26 of the Companies Act 2013 read with relevant Rules made thereunder and Regulation 8 of the SEBI (Issue and Listing of Non-Convertible Securities) Regulation 2021 and other applicable regulations, if any, the disclosures documents (including Financial Statements for latest 3 years and for the period ended as at 31 December 2023) offering Issue of Secured, Redeemable, Non-Convertible Debentures ("NCDs") of face value of ₹ 1,00,000 each for an amount not exceeding ₹ 4,900 lakh under private placement basis, copies of which were placed before the Committee, be and is hereby considered and approved.

**RESOLVED FURTHER THAT** the Declarations signed by Sri Srinivasan Anand, Chief Financial Officer and Sri C Subramaniam, Company Secretary and Compliance Officer which were placed at the meeting, for submission to the BSE Limited along with the Draft disclosure documents were taken on record.

**RESOLVED FURTHER THAT** Sri K S Venkatasubramanian, Chief Operating Officer ("COO"), Sri Srinivasan Anand, Chief Financial Officer ("CFO"), Sri C Subramaniam, Company Secretary and Compliance Officer ("CS and CO") and Sri S Senthil Kumar, Deputy General Manger (Finance and Accounts) ("DGM – F&A"), be and are hereby severally authorized to sign, execute all documents, deeds, applications etc., submitted / to be submitted to BSE Limited in relation to the NCD Issue.

**RESOLVED FURTHER THAT** Sri K S Venkatasubramanian, COO, Sri Srinivasan Anand, CFO, Sri C Subramaniam, CS and CO and Sri S Senthil Kumar, DGM - F & A, be and are hereby severally authorized to submit the draft disclosure documents to BSE Limited and to make, initial and sign etc., any corrections, amendments to the disclosure documents as may be necessary in this regard.

For Sakthi Finance Limited

C Subramaniam  
Company Secretary and  
Compliance Officer  
FCS6971



## ANNEXURE F: FINANCIAL STATEMENTS

<b>Sr. No</b>	<b>Particulars</b>	<b>Page No.</b>
1	Limited Review Report on unaudited standalone financial results for the 9 months ended December 31, 2023	F 1
2	Audited Financial Statements as at and for the Financial Year ended March 31, 2023	F 27
3	Audited Financial Statements as at and for the Financial Year ended March 31, 2022	F 125
4	Audited Financial Statements as at and for the Financial Year ended March 31, 2021	F 216

Statement of Unaudited Financial Results for the Quarter and nine months ended 31st December 2023

(₹ lakhs)

Sl No	Particulars	Quarter Ended			Nine months Ended		Year Ended
		31.12.2023	30.09.2023	31.12.2022	31.12.2023	31.12.2022	31.03.2023
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	<b>Revenue from Operations</b>						
	Interest Income	5,030.41	4,864.58	4,744.99	14,620.39	13,748.03	18,476.72
	Rental Income	15.34	16.90	7.73	48.83	23.20	30.94
	Fees and Commission	121.20	129.30	115.16	362.65	326.58	459.47
	Bad debts recovery	28.60	22.15	8.74	61.83	37.09	40.34
	Sale of power from Windmills	25.26	89.55	18.90	164.69	145.10	173.13
	<b>Total revenue from operations</b>	<b>5,220.81</b>	<b>5,122.48</b>	<b>4,895.52</b>	<b>15,258.39</b>	<b>14,280.00</b>	<b>19,180.60</b>
2	<b>Other Income</b>						
	Miscellaneous income	0.05	(0.05)	2.39	0.19	2.62	13.37
3	<b>Total Income</b>	<b>5,220.86</b>	<b>5,122.43</b>	<b>4,897.91</b>	<b>15,258.58</b>	<b>14,282.62</b>	<b>19,193.97</b>
	<b>Expenses</b>						
	a. Finance Costs	2,883.91	2,897.03	2,756.24	8,605.33	8,212.43	10,926.13
	b. Fees and commission expenses	25.05	32.80	25.34	83.23	81.07	107.44
4	c. Impairment on Financial Instruments	118.04	208.84	269.24	492.71	755.15	926.07
	d. Employee benefits expenses	1,006.83	892.10	895.79	2,762.39	2,437.62	3,246.21
	e. Depreciation, amortisation and impairment	147.16	147.11	138.41	438.77	407.38	546.93
	f. Other Administrative Expenses	456.89	425.34	430.07	1,319.57	1,197.70	1,705.22
	<b>Total Expenses</b>	<b>4,637.88</b>	<b>4,603.22</b>	<b>4,515.09</b>	<b>13,702.00</b>	<b>13,091.35</b>	<b>17,458.00</b>
5	<b>Profit before Exceptional items and Tax (3-4)</b>	<b>582.98</b>	<b>519.21</b>	<b>382.82</b>	<b>1,556.58</b>	<b>1,191.27</b>	<b>1,735.97</b>
6	Exceptional items	0.00	0.00	0.00	0.00	0.00	0.00
7	<b>Profit before tax (5-6)</b>	<b>582.98</b>	<b>519.21</b>	<b>382.82</b>	<b>1,556.58</b>	<b>1,191.27</b>	<b>1,735.97</b>
	<b>Tax expense:</b>						
8	a Current Tax	138.02	169.05	144.79	471.35	502.31	674.65
	b Deferred Tax	12.91	(24.99)	(77.82)	(66.80)	(215.10)	(188.05)
9	<b>Profit after Tax for the period from continuing operations (7-8)</b>	<b>432.05</b>	<b>375.15</b>	<b>315.85</b>	<b>1,152.03</b>	<b>904.06</b>	<b>1,249.37</b>
10	<b>Other Comprehensive Income:</b>						
	(i) Items that will not be reclassified to profit or loss :						
	a) Fair value changes in Equity instruments	(21.40)	43.84	21.28	47.10	71.15	36.38
	b) Remeasurement Gain / (Loss) in defined benefit obligations	1.20	(0.23)	1.84	2.48	2.76	6.06
	(ii) Income tax relating to items that will not be reclassified to profit or loss	5.08	(10.97)	(5.82)	(12.48)	(18.60)	(10.68)
11	<b>Other Comprehensive Income</b>	<b>(15.12)</b>	<b>32.64</b>	<b>17.30</b>	<b>37.10</b>	<b>55.31</b>	<b>31.76</b>
12	<b>Total Comprehensive Income for the period (9+11)</b>	<b>416.93</b>	<b>407.79</b>	<b>333.15</b>	<b>1,189.13</b>	<b>959.37</b>	<b>1,281.13</b>
13	Earnings per equity share (Face Value : ₹ 10 each) : (Not Annualised)						
	- Basic (₹)	0.67	0.58	0.49	1.78	1.40	1.93
	- Diluted (₹)	0.67	0.58	0.49	1.78	1.40	1.93





**Sakthi Finance Limited**  
**Coimbatore – 18**

**Notes:**

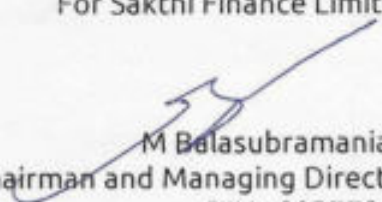
1. The above Unaudited Financial Results ("**UFR**") have been prepared in accordance with the Indian Accounting Standards ("**Ind AS**") notified under Section 133 of the Companies Act 2013 ("**the Act**") read with the Companies (Indian Accounting Standards) Rules 2015 and accordingly, these financial results together with the comparative reporting period have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("**Ind AS 34**") in compliance with Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("**Listing Regulations**"), as amended. Any application guidance / clarifications / directions issued by the Reserve Bank of India will be implemented as and when they are issued / applicable.
2. The above UFR for the quarter and Nine months period ended 31st December 2023 have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 8th February 2024.
3. The Statutory Auditors of the Company have conducted a limited review on the UFR for the quarter and nine months period ended 31st December 2023.
4. In terms of the requirement as per the RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13th March 2020 on implementation of Ind AS, Non-Banking Financial Companies are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income Recognition, Asset Classification and Provisioning ("**IRACP**") norms (including provision on standard assets). As such the impairment allowances under Ind AS 109 made by the company exceeds the total provisions required under IRACP (including standard assets provisioning) as at 31st December 2023 and accordingly, there is no amount required to be transferred to impairment reserve.
5. The Company's Secured, Redeemable, Non-Convertible Debentures ("**NCDs**") are secured by mortgage of identified immovable properties and hypothecation of specified hire purchase receivables of the Company with a cover of 100%/110% of outstanding (principal and interest accrued thereon) as per the terms of the issue.
6. As on December 31, 2023 the security cover available in respect of listed secured non-convertible debt securities is 1.10 times. The security cover certificate as per Regulation 54(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached.
7. The Company has raised an amount of ₹ 146.86 Crores by way of Public Issue of NCDs during the 1st quarter. The proceeds of NCD has been fully utilized during the 2nd Quarter itself, for the object stated in the Prospectus dated 10th April, 2023 and there is no deviation.



**Sakthi Finance Limited  
Coimbatore - 18**

8. The Company is primarily engaged in the business of financing and accordingly there are no separate reportable segments as identified as per Ind AS 108 on 'Operating Segments'.
9. The Code on Social Security 2020 ("**the Code**") has been enacted and the effective date from which changes are applicable and the rules thereunder is yet to be notified. The actual impact on account of this change will be evaluated and accounted for when notification becomes effective.
10. Disclosure as required by Regulation 52(4) of the Listing Regulations is enclosed in **Appendix I**.
11. Previous period / year figures have been regrouped / re-arranged / re-classified, wherever necessary to conform to the current period presentation.

By Order of the Board  
For Sakthi Finance Limited

  
M Belasubramaniam  
Vice Chairman and Managing Director  
DIN : 00377053

8th February 2024  
Coimbatore - 18







ANNEXURE - B

**Independent Auditor's Review Report on Quarterly Unaudited Financial Results of the Company Pursuant to the Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)**

**Review Report**

To the Board of Directors of Sakthi Finance Limited, Coimbatore

**Introduction**

1. We have reviewed the accompanying unaudited financial results of Sakthi Finance Limited (the "Company") for the quarter ended December 31, 2023 and the year to date results for the period April 01, 2023 to December 31, 2023, which are included in the accompanying Statement of Unaudited Financial Results for the Quarter and Nine months ended December 31, 2023, ("the Statement") being submitted by the Company pursuant to the requirements of Regulation 33 and Regulation 52 read with Regulation 63(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations, 2015"), including relevant circulars issued by the SEBI from time to time. We have initialed the Statement for identification purposes only.

**Management Responsibility for the Statement**

2. The Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, read with relevant Rules issued thereunder, the circulars, Guidelines and Directions issued by Reserve Bank of India from time to time, other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of the Listing Regulations, 2015, including relevant circulars issued by SEBI from time to time, including compliance with Regulation 33 and Regulation 52 read with Regulation 63(2) of Listing Regulations, 2015. Our responsibility is to express a conclusion on the Statement based on our review.





### Scope of Review

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

### Conclusion

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Companies Act, 2013, read with relevant Rules issued thereunder, other accounting principles generally accepted in India and further in accordance with the relevant prudential norms issued by the Reserve Bank of India (RBI) in respect of Income recognition, asset classification, provisioning and other related matters (to the extent those are not inconsistent with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013), has not disclosed the information required to be disclosed in terms of Regulation 33, Regulation 52 and Regulation 54 of the Listing Regulations, 2015, including the manner in which it is to be disclosed or that it contains any material misstatement.

---

**For CSK Prabhu & Co**  
**Chartered Accountants**  
**Firm Registration Number:002485S**



**CSK Prabhu**  
**Partner**

**Membership Number: 019811**  
**UDIN: 24019811BKFAIW1637**  
**Place: Coimbatore**  
**Date: 08-02-2024**

**Sakthi Finance Limited**  
**Coimbatore - 18**

ANNEXURE - C

**Extract of Statement of Unaudited Financial Results for the**  
**Quarter and nine months ended 31st December 2023**

(₹ lakh)

Particulars	Quarter Ended			Nine months period		Year Ended
	31-12-2023	30-09-2023	31-12-2022	31-12-2023	31-12-2022	31-03-2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Total Revenue from Operations (net)	5220.81	5,122.48	4,895.52	15,258.39	14,280.00	19,180.60
Net Profit / (Loss) for the period (before tax and Exceptional Items)	582.98	519.21	382.82	1,556.58	1,191.27	1,735.97
Net Profit / (Loss) for the period before tax (after Exceptional Items)	582.98	519.21	382.82	1,556.58	1,191.27	1,735.97
Net Profit / (Loss) for the period after tax (after Exceptional Items)	432.05	375.15	315.85	1,152.03	904.06	1,249.37
Other Comprehensive Income (net of tax)	(15.12)	32.64	17.30	37.10	55.31	31.76
Total Comprehensive Income for the period [comprising Profit / (Loss) for the period (after tax) and Other Comprehensive Income (net of tax)]	416.93	407.79	333.15	1,189.13	959.37	1,281.13
Paid-up equity share capital (Face value : ₹ 10 per share)	6470.59	6,470.59	6,470.59	6,470.59	6,470.59	6,470.59
Reserves (excluding Revaluation Reserve)						11,750.40
Securities Premium	1,429.80	1,429.80	1,429.80	1,429.80	1,429.80	1,429.80
Net worth	18,599.66	18,218.46	17,607.14	18,599.66	17,607.14	17,927.28
Paid up Debt Capital/ Outstanding Debt	0.34	0.34	0.32	0.34	0.32	0.33
Outstanding Redeemable Preference Shares	NA	NA	NA	NA	NA	NA
Debt Equity Ratio	6.16	6.12	6.12	6.16	6.12	5.99
Earnings per share (₹ 10 each) (for continuing operations) :						
a. Basic (₹)	0.67	0.58	0.49	1.78	1.40	1.93
b. Diluted (₹)	0.67	0.58	0.49	1.78	1.40	1.93
Capital Redemption Reserve	NA	NA	NA	NA	NA	NA
Debenture Redemption Reserve	NA	NA	NA	NA	NA	NA
Debt Service Coverage Ratio	NA	NA	NA	NA	NA	NA
Interest Service Coverage Ratio	NA	NA	NA	NA	NA	NA

Notes :

- The above is an extract of the detailed format of the Unaudited Financial Results filed with Stock Exchange under Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The full format of the Unaudited Financial Results are available on the BSE Ltd website (URL: [www.bseindia.com/corporates](http://www.bseindia.com/corporates)) and company's website, [www.sakthifinance.com](http://www.sakthifinance.com).
- Disclosures in accordance with Regulation 52(4) of the Listing Regulations have been submitted to BSE Limited and the disclosures can be accessed on the BSE website (URL : [www.bseindia.com/corporates](http://www.bseindia.com/corporates)) and company's website, [www.sakthifinance.com](http://www.sakthifinance.com).



By Order of the Board  
For Sakthi Finance Limited

M Balasubramaniam  
Vice Chairman and Managing Director  
DIN 00377053

8th February 2024  
Coimbatore - 18

ANNEXURE - D

**Sakthi Finance Limited  
Coimbatore - 18**

**Appendix - I**

**Compliance related to disclosure of certain ratios and other financial information as required under Regulation 52(4) of the Listing Regulations**

(₹ lakhs)

Sl No	Particulars	Quarter Ended			Nine months Ended		Year Ended
		31st December 2023	30th September 2023	31st December 2022	31st December 2023	31st December 2022	31st March 2023
1	Debt - Equity Ratio (Refer Note 2)	6.16	6.12	6.12	6.16	6.12	5.99
2	Debt Service Coverage Ratio	NA	NA	NA	NA	NA	NA
3	Interest Service Coverage Ratio	NA	NA	NA	NA	NA	NA
4	Outstanding Redeemable Preference Shares (quantity and value)	NA	NA	NA	NA	NA	NA
5	Capital Redemption Reserve	Nil	Nil	Nil	Nil	Nil	Nil
6	Debenture Redemption Reserve	Nil	Nil	Nil	Nil	Nil	Nil
7	Net worth (Refer Note 3)	18,599.66	18,218.46	17,607.14	18,599.66	17,607.14	17,927.28
8	Net profit / (loss) after tax	432.05	375.15	315.85	1152.03	904.06	1,249.37
9	Earnings per Share						
	- Basic	0.67	0.58	0.49	1.78	1.40	1.93
	- Diluted	0.67	0.58	0.49	1.78	1.40	1.93
10	Current Ratio	NA	NA	NA	NA	NA	NA
11	Long Term debt to Working Capital	NA	NA	NA	NA	NA	NA
12	Bad Debts to Accounts Receivable Ratio	NA	NA	NA	NA	NA	NA
13	Current Liability Ratio	NA	NA	NA	NA	NA	NA





**Sakthi Finance Limited  
Coimbatore – 18**

Sl No	Particulars	Quarter Ended			Nine months Ended		Year Ended
		31st December 2023	30th September 2023	31st December 2022	31st December 2023	31st December 2022	31st March 2023
14	Total debts to total Assets (Refer Note 4)	0.75	0.75	0.76	0.75	0.76	0.75
15	Debtor turnover	NA	NA	NA	NA	NA	NA
16	Inventory turnover	NA	NA	NA	NA	NA	NA
17	Operating Margin (%)	NA	NA	NA	NA	NA	NA
18	Net Profit margin (%) (Refer Note 5)	8.28%	7.32%	6.45%	7.55%	6.33%	6.51%
19	<b>Sector specific equivalent ratios, as applicable</b>						
	i) Gross Non-performing Assets (GNPA) % (Refer Note 6)	5.59%	5.87%	6.24%	5.59%	6.24%	5.85%
	ii) Net Non-Performing Assets (NNPA) % (Refer Note 7)	2.91%	3.05%	3.16%	2.91%	3.16%	2.95%
	iii) Provision Coverage Ratio (PCR %) (Refer Note 8)	49.46%	49.64%	51.02%	49.46%	51.02%	51.11%
	iv) Capital Adequacy Ratio (%) (Refer Note 9)	18.01%	17.26%	19.09%	18.01%	19.09%	19.68%

**Notes:**

1. Certain ratios/line items marked with remark "NA" are not applicable since the Company is a Non-Banking Financial Company registered with the Reserve Bank of India
2. Debt - Equity ratio = [Debt Securities + Borrowings (Other than Debt Securities) + Deposits + Subordinated Liabilities] / [Equity Share capital + Other Equity]
3. Net worth = [Equity shares Capital + Other Equity]
4. Total debts to total assets = [Debt Securities + Borrowings (Other than Debt Securities) + Deposits + Subordinated Liabilities] / Total Assets
5. Net profit margin (%) = Profit after tax / Total Income
6. Gross Non-performing Assets (GNPA) % = Gross Stage III Assets / Gross Loan Assets
7. Net Non-performing Assets (NNPA) % = [Gross Stage III Assets - Impairment Loss Allowance for Stage III Assets] / [Gross Loan Assets - Impairment Loss Allowance for Stage III Assets]
8. Provision Coverage Ratio (PCR %) = Impairment loss allowance for Stage III assets / Gross Stage III Assets
9. Capital Adequacy Ratio has been computed as per relevant RBI guidelines





To

ANNEXURE - E

**Board of Directors  
Sakthi Finance Limited  
62, Dr.Nanjappa Road  
Coimbatore - 641 018**

**Independent Auditor's Certificate on Security Cover as at 31<sup>st</sup> December 2023 under Regulation 54 read with Regulation 56(1)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("Listing Regulations") as amended for submission to BSE Limited and Catalyst Trusteeship Limited ("the Debenture Trustee)**

1. The Certificate is issued in accordance with the terms of our engagement letter dated 01<sup>st</sup> February 2024.
2. We, M/s. CSK Prabhu & Co, Chartered Accountants, the Statutory Auditor of Sakthi Finance Limited ("**the Company**"), have been requested by the management of the Company to certify the book value of assets charged against the listed Secured Non-Convertible Debentures ("**NCDs**") ("**Listed Debt Securities**") issued by the Company mentioned in the accompanying "**Statement of Security Cover as on December 31, 2023**" in "**Annexure B**" and compliance with financial covenants in respect of Listed Secured Non-Convertible Debentures of the Company issued and outstanding as at December 31, 2023 as given in the accompanying "**Statement of Security Cover and Compliance with Covenants as on December 31, 2023**" in "**Annexure A**" (Annexure A and Annexure B hereinafter together referred to as "**the Statements**")

The Statements are prepared by the Company from the unaudited books of accounts and other relevant records and documents maintained by the company as at December 31, 2023 pursuant to requirements SEBI Operational of Circular no. SEBI/HO/DDHS/P/CIR/2023/50 dated 31<sup>st</sup> March, 2023 issued by the Securities and Exchange Board of India ("**SEBI**") in terms of Regulation 54 read with Regulation 56(1)(d) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and Regulation 15(1)(t) of the Securities and Exchange Board of India (Debenture Trustees) Regulations 1993 (hereinafter referred together as the "**the SEBI Regulations**"), as amended, for the purpose of submission to the Stock Exchange ("**BSE Ltd**") and to Debenture Trustee of the Listed Debt Securities. The Statements have been initialed by us for identification purpose only. The Company has entered into agreements with the Debenture Trustee ("**Debenture Trust Deeds**") in respect of debentures as indicated in the Statement.





### Management's Responsibility for the Statements

3. The preparation of the accompanying Statements is the responsibility of the Management of the Company, including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statements, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
4. The Management of the Company is also responsible for ensuring that the Company complies with all the relevant requirements of the SEBI Regulations and for providing all relevant information to the Debenture Trustees and for complying with all the covenants as prescribed in terms of the respective Debenture Trust Deed/Prospectus including the maintenance of Security Cover and in the manner as may be specified by SEBI and adherence with all other applicable conditions mentioned in the SEBI Regulations in connection with the Statements.

### Auditor's Responsibility

5. Pursuant to the requirements of SEBI Operational Circular No. SEBI/HO/DDHS/P/CIR/2023/50 dated 31st March, 2023 issued by the Securities and Exchange Board of India, our responsibility for the purpose of this certificate is to provide a limited assurance regarding:
  - a) whether the book value of the assets of the Company in the accompanying **Annexure B** have been accurately extracted and ascertained from the un-audited books of accounts of the Company and other relevant records and documents maintained by the Company; and
  - b) whether the Company has complied with financial covenants of the debentures.
6. We conducted our examination and obtained the explanations in accordance with the Guidance Note on Reports or Certificates for Special Purposes (the "**Guidance Note**") issued by the ICAI, in so far as applicable for the purpose of this Certificate, which includes the concepts of test checks and materiality. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control ("**SQC**") 1, Quality Control for Firms that perform Audits and Reviews of Historical Financial Information and Other Assurance and Related Services Engagements.



8. A limited assurance engagement involves making inquiries, primarily of the Company's personnel responsible for financial and accounting matters and applying analytical and other review procedures. The procedures performed vary in nature and timing from a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Accordingly, we have performed the following procedures in relation to the statement:

- a) Obtained the Statements from the management.
- b) Verified that the information contained in the Statements have been accurately extracted and ascertained from the un-audited books of accounts of the Company as at and for the Period ended December 31, 2023 and other relevant records and documents maintained by the Company, in the normal course of its business.
- c) Examined and verified the arithmetical and clerical accuracy of the information included in the Statements.
- d) Reviewed the terms and conditions contained in the Prospectus(es)/ Debenture Trust Deed(s) to understand the nature of charge (viz. exclusive charge or *pari passu* charge) on the assets of the Company.
- e) Obtained Register of Charges kept by the Company as per the requirements of the Companies Act 2013 to understand the composition of charges already created on the assets of the company and traced the value of charge created against assets to the security cover indicated in the Statements on a test check basis.
- f) Read the terms relating to financial covenants of the debentures and recomputed the financial covenants.
- g) Performed necessary inquiries with the management and obtained necessary representations.

## Conclusion

9. Based on the procedures performed as referred to in paragraph 8 above and according to the information and explanations provided to us by the Management of the Company, nothing has come to our attention that causes us to believe that:
- a. the particulars contained in the accompanying **Annexure B** with respect to the Book Values of Assets (at Cost) charged against Listed Debt Securities issued by the Company have not been accurately extracted and ascertained



from the unaudited books of accounts of the Company for the period ended as at December 31, 2023, and other relevant records and documents maintained by the Company; and

- b. the Company has not complied with financial covenants of the Debentures as mentioned in the accompanying **Annexure A**.

### **Restriction on Use**

10. This certificate is addressed to and provided to the Board of Directors of the Company solely for the purpose of submission to Debenture Trustees, BSE Ltd and SEBI in accordance with the SEBI Regulations and should not be used by any other person or for any other purposes without our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

**For CSK Prabhu & Co**  
**Chartered Accountants**  
**Firm Reg. No.: 002485S**

  
**CSK Prabhu**  
**Partner**



**Membership No.019811**

**UDIN: 24019811BKFAIX5724**

Coimbatore  
08<sup>th</sup> February 2024



**Statement of Security Cover and Compliance with Covenants as on December 31, 2023**

Security cover in respect of listed debt securities of the listed entity under SEBI Operational Circular No SEBI/HO/DDHS/P/CIR/2023/50 dated 31st March 2023

We hereby certify that:

A. The listed entity i.e. **Sakthi Finance Limited** (the '**Company**') has vide its Board Resolutions, Prospectus and under various Debenture Trust Deeds, issued the Listed Debt Securities (Non-Convertible Debentures/NCDs) and the amount outstanding as at December 31, 2023 (including interest accrued) is Rs.39,554.57 Lakhs as per **Exhibit 1**.

**B. Security cover for Secured Debt Securities**

i) The financial information as on December 31, 2023, has been extracted from the unaudited books of account as at and for the period ended December 31, 2023 and other relevant records and documents maintained by the Company.

ii) The book value of assets of the Company at cost provide coverage of 1.10 times of the interest and principal amount, which is in accordance with the terms of the Issue/Debenture Trust Deed (Calculation as per "Statement of Security Cover as on December 31, 2023") ("**Annexure B**").

**C. Compliance of all the Covenants/Terms of the issue in respect of Listed Debt Securities of the Listed Entity**

We confirm that the Company has complied with all the Financial Covenants of the Listed Non-Convertible Debentures outstanding as at December 31, 2023, including the following:



<b>NCD</b>	<b>Financial Covenants</b>	<b>Status</b>
All Listed NCDs Outstanding as at December 31,2023	Maintain 100% Security Cover or Security Cover as per the terms of Prospectus and/or Debenture Trust Deeds at all the time on Total Amount Outstanding (including Interest Accrued) for the NCDs as at December 31, 2023.	Complied

**Notes:**

1. This Statement is prepared in accordance with Regulation 15(1)(t) of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 as amended vide Notification No. SEBVLAO-NRO/GN/2020/34 dated October 8, 2020 and Notification No. SEBVJ.ADNRO/GN/2022/78 dated April 11, 2022 and Regulation 54 read with Regulation 56(1)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 as amended by SEBI Operational Circular No. SEBI/HO/DDHS/P/CIR/2023/50 dated 31st March 2023.
2. Other than what has been stated above, there is/are no covenant/s specified in the Prospectus of the listed non-convertible debt securities that the Company needs to comply with.
3. The assets offered as security are loans given by the Company and hence not eligible for market valuations. Wherever Immovable Properties are offered as security for Listed Debt Securities, market valuations have been obtained by the Company.

For Sakthi Finance Limited



*[Signature]*  
Srinivasan Anand  
Chief Financial Officer

Coimbatore  
08<sup>th</sup> February, 2024



**Exhibit 1**

Outstanding Secured Non- Convertible Debentures (including interest accrued)  
as at December 31, 2023:

S. No	Issue	ISIN	Instrument	Type of Charge	Sanctioned Amount (Rs in lakhs)	Interest Accrued (Rs in lakhs)	TDS Deducted (Rs in lakhs)	Outstanding Amount (Rs in lakhs)	Cover Required (Rs in lakhs)	Assets Required (Rs in lakhs)
1	NCD Public Issue - IV	INE302E0 7300	Non Convertible Debentures	Exclusive	1,894.23	-	-	1,894.23	1,894.23	1,894.23
2	NCD Public Issue - IV	INE302E0 7318	Non Convertible Debentures	Exclusive	248.73	19.13	-	267.86	267.86	267.86
3	NCD Public Issue - IV	INE302E0 7326	Non Convertible Debentures	Exclusive	1,129.16	489.92	-	1,619.08	1,619.08	1,619.08
4	NCD Public Issue - V	INE302E0 7359	Non Convertible Debentures	Exclusive	1,663.12	-	-	1,663.12	1,663.12	1,663.12
5	NCD Public Issue - V	INE302E0 7367	Non Convertible Debentures	Exclusive	1,595.15	419.94	-	2,015.09	2,015.09	2,015.09
6	NCD Public Issue - V	INE302E0 7375	Non Convertible Debentures	Exclusive	3,566.23	-	-	3,566.23	3,566.23	3,566.23
7	NCD Public Issue - V	INE302E0 7383	Non Convertible Debentures	Exclusive	2,106.90	570.46	-	2,677.36	2,677.36	2,677.36
8	NCD Public Issue - VI	INE302E0 7409	Non Convertible Debentures	Exclusive	826.37	-	-	826.37	826.37	826.37
9	NCD Public Issue - VI	INE302E0 7417	Non Convertible Debentures	Exclusive	1,235.12	187.12	-	1,422.24	1,422.24	1,422.24
10	NCD Public Issue - VI	INE302E0 7425	Non Convertible Debentures	Exclusive	412.01	-	-	412.01	412.01	412.01
11	NCD Public Issue - VI	INE302E0 7433	Non Convertible Debentures	Exclusive	681.25	106.44	-	787.69	787.69	787.69
12	NCD Public Issue - VI	INE302E0 7441	Non Convertible Debentures	Exclusive	227.64	-	-	227.64	227.64	227.64
13	NCD Public Issue - VI	INE302E0 7458	Non Convertible Debentures	Exclusive	126.30	20.33	-	146.63	146.63	146.63





14	NCD Public Issue - VI	INE302E0 7466	Non Convertible Debentures	Exclusive	4,374.51	-	-	4,374.51	4,374.51	4,374.51
15	NCD Public Issue - VI	INE302E0 7474	Non Convertible Debentures	Exclusive	2,116.80	381.40	-	2,498.20	2,498.20	2,498.20
16	NCD Public Issue - VII	INE302E0 7573	Non Convertible Debentures	Exclusive	1,348.77	-	-	1,348.77	1,348.77	1,348.77
17	NCD Public Issue - VII	INE302E0 7508	Non Convertible Debentures	Exclusive	1,953.26	116.08	-	2,069.34	2,069.34	2,069.34
18	NCD Public Issue - VII	INE302E0 7540	Non Convertible Debentures	Exclusive	656.18	-	-	656.18	656.18	656.18
19	NCD Public Issue - VII	INE302E0 7516	Non Convertible Debentures	Exclusive	1,540.08	94.11	-	1,634.19	1,634.19	1,634.19
20	NCD Public Issue - VII	INE302E0 7557	Non Convertible Debentures	Exclusive	210.19	-	-	210.19	210.19	210.19
21	NCD Public Issue - VII	INE302E0 7490	Non Convertible Debentures	Exclusive	251.01	15.76	-	266.77	266.77	266.77
22	NCD Public Issue - VII	INE302E0 7565	Non Convertible Debentures	Exclusive	5,075.37	-	-	5,075.37	5,075.37	5,075.37
23	NCD Public Issue - VII	INE302E0 7524	Non Convertible Debentures	Exclusive	1,615.48	109.62	-	1,725.10	1,725.10	1,725.10
24	NCD Public Issue - VII	INE302E0 7532	Non Convertible Debentures	Exclusive	2,035.70	134.70	-	2,170.40	2,170.40	2,170.40
<b>Total</b>					<b>36,889.56</b>	<b>2,665.01</b>	<b>-</b>	<b>39,554.57</b>	<b>39,554.57</b>	<b>39,554.57</b>



Annexure - B  
Statements of Security Cover as on December 31, 2023  
(All amounts are Rs. In Lakhs)

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Column N	Column O
Particulars	Exclusive Charge	Exclusive Charge	Pari-Passu Charge	Pari-Passu Charge	Pari-Passu Charge	Pari-Passu Charge	Assets not offered as Security	Elimination (amount in negative)	(Total C to H)	Market Value for Assets charged on Exclusion basis	Carrying (Book value for exclusive charge assets where market value is not ascertainable or applicable) or Eg. Bank Balance, DORA market value (as not applicable)	Market Value for Pari-passu charge Assets	Carrying value(Book value for pari passu charge assets where market value is not ascertainable or applicable) or Eg. Bank Balance, DORA market value (as not applicable)	Total Value=(K+L+N)
	Book Value	Book Value	Yes/No	Book Value	Book Value	Book Value								
<b>ASSETS</b>														
Property, Plant and Equipment	3.44	-	No	-	-	5,699.34	-	-	5,702.78	84.07	-	-	-	84.07
Capital Work-in-Progress	-	-	N/A	-	-	-	-	-	-	-	-	-	-	-
Right of Use Assets	-	-	N/A	-	-	934.82	-	-	934.82	-	-	-	-	-
Goodwill	-	-	N/A	-	-	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	N/A	-	-	171.39	-	-	171.39	-	-	-	-	-
Intangible Assets under Development	-	-	N/A	-	-	67.79	-	-	67.79	-	-	-	-	-
Investment Property	-	-	N/A	-	-	267.32	-	-	267.32	-	-	-	-	-
Investments	-	-	N/A	-	-	898.47	-	-	898.47	-	-	-	-	-
Loans	43,629.89	37,800.34	No	-	-	40,738.54	-	-	1,22,168.76	43,629.89	-	-	-	43,629.89
Receivables	-	-	N/A	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	N/A	-	-	-	-	-	-	-	-	-	-	-
Trade Receivables	-	-	N/A	-	-	293.95	-	-	293.95	-	-	-	-	-
Cash and Cash Equivalents	-	-	N/A	-	-	3,797.22	-	-	3,797.22	-	-	-	-	-
Bank Balances other than Cash & Cash Equivalents	-	-	N/A	-	-	43.77	-	-	43.77	-	-	-	-	-
DERIV	-	-	N/A	-	-	-	-	-	-	-	-	-	-	-
Other Financial Assets	-	-	N/A	-	-	1,469.67	-	-	1,469.67	-	-	-	-	-
Deferred Tax Assets	-	-	N/A	-	-	449.62	-	-	449.62	-	-	-	-	-
Other Non-Financial Assets	-	-	N/A	-	-	1,860.24	-	-	1,860.24	-	-	-	-	-
<b>Total</b>	43,633.33	37,800.34	-	-	-	56,692.14	-	-	1,38,125.80	84.07	-	-	-	43,713.96



Annexure - B  
Statements of Security Cover as on December 31, 2023  
(All amounts are Rs. in Lakhs)

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J (Total C to H)	Column K	Column L	Column M	Column N	Column O
Particulars	Description of asset for which this certificate relates	Exclusive Charge	Exclusive Charge	Part-Passu Charge	Part-Passu Charge	Part-Passu Charge	Assets not offered as Security	Elimination (amount in negatives)		Market Value for Assets charged on Exclusion basis	Carrying Book value for exclusive charge assets where market value is not applicable/For Eg Bank Balance, DBRR market value is not applicable)	Market Value for Part passu charge Assets	Carrying value/Book value for part passu charge assets where market value is not applicable or reasonable or applicable (For Eg, Bank Balance, DBRR market value is not applicable)	Total Value=(K+L+M+ N)
		Book Value	Book Value	Yes/ No	Book Value	Book Value							Relating to Column F	
<b>LIABILITIES</b>														
Debt securities to which this certificate pertains	Secured Non Convertible Debentures (Listed)	39,554.57	12,466.47	-	-	-	12,166.52	-	64,187.56	-	39,554.57	-	-	39,554.57
Other debt sharing part-passu charge with above debt														
Other Debt							2,452.54	-	2,452.54					
Subordinated debt							24,824.21	-	24,824.21					
Borrowings														
Bank			13,773.39	-					13,773.39					
Debt Securities				-										
Others				-										
Term Loan from Others			2,456.24	-					2,456.24					
Public Deposits				-										
Trade payables				-			6,525.73		6,525.73					
Lease Liabilities				-			304.12		304.12					
Provisions				-			268.12		268.12					
Others				-			163.08		163.08					
Other Financial Liabilities				-										
Other non-Financial Liabilities			5.00	-			1,645.99		1,650.99					
Current Tax Liabilities				-			57.87		57.87					
<b>Total</b>		39,554.57	28,701.10	-	-	-	48,446.66	-	1,16,702.33	-	39,554.57	-	-	39,554.57
<b>Cover on Book Value</b>		1.10		Not Applicable										
<b>Cover on Market Value</b>														1.11



Note: 1. The Market Value of Immovable Assets are taken as per External Valuation Report dated March 31, 2022  
 2. The above amounts have been extracted from the un-audited financial results for the quarter and period ended December 31, 2023  
 3. The Cost mentioned in Column C relating to Property, Plant & Equipment represents Cost to the Company (non-revalued)  
 4. The Company has complied with all the covenants specified in respect of all Listed Non-Convertible Securities.





**CSK PRABHU & CO**  
Chartered Accountants

PARTNERS

CSK PRABHU BCom FCA

MAHESH PRABHU BCom FCA DISA

SWETHA G N MCom FCA

ANNEXURE-F

**Independent Auditor's Certificate on the manner of utilization of the funds raised through the Public Issue of Secured Redeemable Non-Convertible Debentures as required by Regulation 52(7) of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, ("the Listing Regulations")**

To

Catalyst Trusteeship Limited  
"GDA House",  
Plot No.85, Bhusari Colony (Right)  
Paud Road  
Pune - 411038

Dear Sirs/Madam,

We, CSK Prabhu & Co., Chartered Accountants (ICAI FRN:002485S), the Statutory Auditors of Sakthi Finance Limited (hereinafter referred as "**the Company**") have been requested by the Company to verify and certify the utilization of funds raised through Public Issue of Secured Redeemable Non-Convertible Debentures (hereinafter referred to as "**the NCD Public Issue-7**") in terms of the Prospectus dated 10th April 2023 for the objects for which it was raised, as required by Regulation 52(7) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended ("**the Listing Regulations**").

The accompanying statement of utilization of proceeds of the NCD Public Issue-7 ("**the Statement**") during the period from 08.05.2023 to 31.12.2023 as per the requirements of the Listing Regulations has been prepared by the Management of the Company, which we have initialed for identification purposes only.

**Management's Responsibility for the Statement**

The preparation of the accompanying Statement is the responsibility of the Management of the Company. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statement, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.



Page 1 of 3

The Management is also responsible for ensuring:

- a. the utilization of funds is for the purpose for which it is raised; and
- b. compliance with the requirements of the Listing Regulations.

### **Auditor's Responsibility**

Pursuant to the requirements of Regulation 52(7) of the Listing Regulations, it is our responsibility to obtain reasonable assurance and conclude as to whether the details provided in the Statement is in agreement with the books of accounts and other records for the period from 08.05.2023 to 31.12.2023.

We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control ("SQC") 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information and Other Assurance and Related Services Engagements.

Accordingly, We have performed the following procedures in relation to the Statement:

- (a) read the Prospectus and obtained the details of Objects of the NCD Public Issue-7;
- (b) obtained the bank statement of the Company from 08.05.2023 to 31.12.2023 and traced the receipt and utilization of the funds.
- (c) verified the utilization of proceeds with books of accounts and other relevant records maintained by the Company; and
- (d) conducted relevant management inquiries and obtained necessary representations from the Company.

### **Opinion**

Based on our examination as above, and the information and explanations given to us, the details provided in the Statement is in agreement with the books of accounts and other records for the period from 08.05.2023 to 31.12.2023 and the statement fairly presents, in all material respects, the manner of utilization of funds from the NCD Public Issue-7.





### **Restriction on Use**

The Certificate is addressed to and provided to the Debenture Trustee of the Company solely for the purpose of enabling the Company to comply with its obligation under Regulation 52(7) of the Listing Regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

We have no responsibility to update this report for events and circumstances occurring after the date of this certificate.

**For CSK Prabhu & Co.,  
Chartered Accountants  
Firm Registration No.:002485S**



  
**CSK Prabhu  
Partner**

**Membership No:019811**

**UDIN: 24019811BKFAIY7891**

**Coimbatore  
08-02-2024**



# Sakthi Finance

Since 1955

Statement containing details of manner of utilization of funds raised through the Public Issue of Secured Redeemable Non-Convertible Debentures (The NCD Public Issue-7)

## A. Statement of utilization of Issue proceeds:(Rs. In Crores)

Name of the Issuer	ISIN	Mode of Fund Raising (Public issues/Private Placement)	Type of Instrument	Date of raising funds	Amount raised (Rs. In Crores)	Funds utilized	Any deviation (Yes/No)	If 8 is Yes, then specify the purpose of for which the funds were utilized	Remarks, if any
1	2	3	4	5	6	7	8	9	10
SAKTHI FINANCE LIMITED	INE302E07573	Public Issue	Non-Convertible Debentures	08/05/2023	13.49	146.86	No	NA	No Remarks
SAKTHI FINANCE LIMITED	INE302E07508	Public Issue	Non-Convertible Debentures	08/05/2023	19.53		No	NA	No Remarks
SAKTHI FINANCE LIMITED	INE302E07540	Public Issue	Non-Convertible Debentures	08/05/2023	6.56		No	NA	No Remarks
SAKTHI FINANCE LIMITED	INE302E07516	Public Issue	Non-Convertible Debentures	08/05/2023	15.40		No	NA	No Remarks
SAKTHI FINANCE LIMITED	INE302E07557	Public Issue	Non-Convertible Debentures	08/05/2023	2.10		No	NA	No Remarks
SAKTHI FINANCE LIMITED	INE302E07490	Public Issue	Non-Convertible Debentures	08/05/2023	2.51		No	NA	No Remarks
SAKTHI FINANCE LIMITED	INE302E07565	Public Issue	Non-Convertible Debentures	08/05/2023	50.75		No	NA	No Remarks
SAKTHI FINANCE LIMITED	INE302E07524	Public Issue	Non-Convertible Debentures	08/05/2023	16.16		No	NA	No Remarks
SAKTHI FINANCE LIMITED	INE302E07532	Public Issue	Non-Convertible Debentures	08/05/2023	20.36		No	NA	No Remarks
Total					146.86	146.86			

**Note:** The amount of Rs.146.86crores shown as "Funds utilised" in the above table relating to NCD Public Issue -7 comprises of Issue expenses Rs.4.07crores and amounts utilisedfor the objects stated in the NCD Public Issue -7 prospectus Rs.142.79crores, totaling to Rs.146.86crores.



Sakthi Finance Limited

62, Dr. Nanjappa Road, Coimbatore - 641 018, Tamilnadu, India.

Ph : (0422) 2231471 - 474, 4236200 Fax : (0422) 2231915 | www.sakthifinance.com | CIN : L65910TZ1955PLC000145

**B. Statement of deviation/ variation in use of Issue proceeds:NIL**


Statement of Deviation or Variation in utilisation of funds raised						
Name of listed entity		Sakthi Finance Limited				
Mode of Fund Raising		Public Issue				
Type of instrument		Non-Convertible Debentures				
Date of Raising Funds		08th May 2023				
Amount Raised		₹ 146.86 (INR Crores)				
Report filed for quarter year ended		31stDecember 2023				
Is there a Deviation / Variation in use of funds raised?		No				
Whether any approval is required to vary the objects of the issue stated in the prospectus / offer document?		No				
If yes, details of the approval so required?		Not Applicable since no deviation/variation				
Date of approval		Not Applicable since no deviation/variation				
Explanation for the Deviation / Variation		Not Applicable since no deviation/variation				
Comments of the audit committee after review		Not Applicable since no deviation/variation				
Comments of the auditors, if any		Not Applicable since no deviation/variation				
Objects for which funds have been raised and where there has been a deviation, in the following table		Not Applicable since no deviation/variation				
Original Object	Modified Object, if any	Original Allocation	Modified allocation, if any	Funds Utilised (₹ crores)	Amount of Deviation/ Variation for the half year according to applicable object (₹ lakhs and in %)	Remarks, if any
Not Applicable since no deviation/variation	Not Applicable since no deviation/variation	Not Applicable since no deviation/variation	Not Applicable since no deviation/variation	NA	Not Applicable since no deviation/variation	Nil

For and on behalf of  
Sakthi Finance Limited



Coimbatore  
08-02-2024



  
Srinivasan Anand  
Chief financial Officer



**A. Statement of Utilisation of NCD Public Issue VII Proceeds**

Sl No	Name of the Issuer	ISIN	Mode of fund raising (Public Issues / Private placement)	Type of Instrument	Date of Raising funds	Amount Raised (₹ crores)	Fund utilised (₹ crores)	Any Deviation Yes / No	If B, is yes then specify the purpose of which the funds were utilised	Remarks
1	2	3	4	5	6	7	8	9	10	
1	INE302E07573					13.49	13.49			
2	INE302E07508					19.53	19.53			
3	INE302E07540					6.56	6.56			
4	Sakthi Finance Limited		Public Issue	Secured Redeemable, Non-Convertible Debentures	8th May 2023 (Date of Allotment)	15.40	15.40	No	Not Applicable	Nil
5	INE302E07557					2.10	2.10			
6	INE302E07490					2.51	2.51			
7	INE302E07565					50.75	50.75			
8	INE302E07524					16.15	16.15			
9	INE302E07532					20.36	20.36			
<b>Total</b>						<b>146.86</b>	<b>146.86</b>			

Note : NCD Proceeds were utilised for the objects stated in the NCD Prospectus only. Fund utilised includes Debentures Issue expenses as on 31.12.2023

**B. Statement of Deviation or Variation in utilisation of funds raised**

Name of listed entity	Sakthi Finance Limited		
Mode of Fund Raising	Public Issue		
Type of Instrument	Secured, Redeemable Non-Convertible Debentures		
Date of Raising Funds	10th April 2023		
Amount Raised	₹ 146.86 (INR Crores)		
Report filed for quarter / year ended	31st December 2023		
Is there a Deviation / Variation in use of funds raised?	No		
Whether any approval is required to vary the objects of the issue stated in the prospectus / offer document?	No		
If yes, details of the approval so required?	NA		
Date of approval	NA		
Explanation for the Deviation / Variation	NA		
Comments of the audit committee after review	Nil		
Comments of the auditors, if any	Nil		
Objects for which funds have been raised and where there has been a deviation, in the following table			
Original Object	Modified Object,	If any	Remarks, if any
<b>Deviation could mean:</b>			
(a) Deviation in the objects or purposes for which the funds have been raised			
(b) Deviation in the amount of funds actually utilized as against what was originally disclosed.			

Name of Signatory : Srinivasan Anand  
Designation : Chief Financial Officer



Disclosures to be made in in terms of Regulation 30 of the SEB1 (Listing Obligations and Disclosure Requirements Regulations) 2015 in relation to the proposed NCD under Private Placement is set out below

Sl No	Particulars	Details
1	Size of the Issue	Secured Redeemable, Non-Convertible Debentures ("NCDs") of face value of ₹ 100,000 each at par for ₹ 100 crores by Private Placement Basis.
2	Whether proposed to be listed? (IF yes, name of the stock exchange(s))	Yes, BSE Limited
3	Tenure of the Instrument - date of the allotment and date of maturity	Will be decided by the NCD Issuance Committee at the time of approving the Final NCD Placement Memorandum
4	Coupon / interest offered, schedule of payment of coupon / interest and principal	Will be decided by the NCD Issuance Committee at the time of approving the final NCD Placement Memorandum
5	Charge / Security, if any, created over the assets	An identified immovable property and / or specified Hire Purchase receivables of the Company will be offered as security. Security Cover will be 100% of the debenture value
6	Special Rights / interest / privileges attached to the instrument and changes thereof	Nil
7	Delay in payment of interest / principal amount for a period of more than three months from the due date or default in payment of interest/principal	In the event of a payment default or any other event of default, of the amounts due under the issue, the issuer shall pay interest at such rate as may be stipulated / prescribed under applicable laws from the date of the occurrence of the payment default on the outstanding principal amount of the Debentures until such default is cured or the debentures are redeemed pursuant to such default, as applicable. If the coupon payment day is a holiday, then the coupon payment will be made on the immediately succeeding business/working day.





# Sakthi Finance

Since 1955

Sl No	Particulars	Details
8	Details of any letter or comments regarding payment / non-payment of interest, principal on due dates, or any other matter concerning the security and / or the assets along with its comments thereon, if any.	Not applicable
9	Details of redemption of preference shares indicating the manner of redemption (whether out of profits or out of fresh issue) and debentures.	Redemption will be made out of the profits of the company or out of funds raised through fresh issue for the purpose, as may be applicable.







## INDEPENDENT AUDITOR'S REPORT

To the Members of Sakthi Finance Limited

Report on the Audit of the Financial Statements

### Opinion

1. We have audited the Financial Statements of Sakthi Finance Limited ("the Company"), which comprise the balance sheet as at 31 March 2023, the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended and notes to the Financial Statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Financial Statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules made thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the Financial Statements.

### Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters.

**INDEPENDENT AUDITOR'S REPORT**

**Key Audit Matters (continued)**

**Description of Key Audit Matter**

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>4.1 Asset Classification</b></p> <p>Accuracy in identification and categorization of receivables from financing activities (loans) as performing and non-performing assets and in ensuring appropriate asset classification, existence and valuation of security/collaterals, income recognition, provisioning/ write-off thereof and completeness of disclosure including compliance with applicable guidelines/directions issued by Reserve Bank of India ("RBI").</p> <p>As part of our risk assessment, we determined that accuracy of asset classification has bearing on the Financial Statements as a whole. Given the complexity of the matter, we determined this to be a Key Audit Matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We have assessed the systems and processes laid down by the company to appropriately identify and classify the receivables from financing activities including those in place to ensure appropriate asset classification, income recognition and provisioning/ write-off, including non-performing assets, existence and valuation of security/collaterals as per applicable RBI guidelines/directions.</li> <li>• The audit approach includes testing the existence and effectiveness of the control environment laid down by the management and conducting detailed substantive verification on selected samples of continuing and new transactions in accordance with the principles laid down in the Standards on Auditing and other guidance issued by the Institute of Chartered Accountants of India ("ICAI").</li> <li>• Agreements entered into regarding significant transactions including related to Loan Receivables have been examined to ensure compliance.</li> <li>• We have also reviewed the reports generated from management information systems, audit/ inspection reports issued by the internal auditors and RBI.</li> <li>• The impact of all significant external and internal events including those if any, subsequent to Balance Sheet date have been taken into consideration for the above purposes.</li> <li>• Compliance with material disclosure requirements prescribed by RBI guidelines and other statutory requirements have been verified.</li> </ul>





**INDEPENDENT AUDITOR'S REPORT**

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>4.2 Impairment of Loans (Expected Credit Losses) (Refer to the Accounting Policies in Note 2.g.(v) to the Financial Statements and Note 45 to the Financial Statements).</b></p> <p>Management's judgements in the calculation of impairment allowances have significant impact on the Financial Statements.</p> <p>The estimates regarding impairment allowances are complex and require a significant degree of judgement, which increased with Expected Credit Loss ("ECL") model as required by Ind AS 109 relating to "Financial Instruments." Management is required to determine the expected credit loss that may occur over either a 12-month period or the remaining life of an asset, depending on the categorization of the individual asset.</p> <p>The key areas of judgement include:</p> <ol style="list-style-type: none"> <li>1. Categorization of loans into Stage 1, 2 and 3 based on identification of:               <ol style="list-style-type: none"> <li>a. Exposures with significant increase in credit risk since their origination and</li> <li>b. Individually impaired / default exposures and determination of Exposure at Default ('EAD').</li> </ol> </li> <li>2. Techniques used to determine Loss Given Default ('LGD') and Probability of Default ('PD') to calculate ECL.</li> <li>3. The impact of different forward-looking information including future macro-economic factors in the determination of ECL.</li> </ol> <p>These judgements require new models to be built and implemented to measure the expected credit losses on certain financial assets measured at amortized cost. Management has made a number of interpretations and assumptions when designing and implementing models that are compliant with the standards.</p> <p>The accuracy of data flows and the implementation of related controls are critical for the integrity of the estimated impairment provisions.</p> <p>In view of such high degree of Management's judgement involved in estimation of ECL, it is considered as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We obtained understanding of management's assessment of impairment of loans including the Ind AS 109 implementation process, impairment allowance policy and ECL modelling methodology.</li> <li>• We assessed the design and implementation and tested the operating effectiveness of controls over the modelling process including governance over monitoring of the model and approval of key assumptions.</li> <li>• We also assessed the approach of the Company for categorization of the loans into various stages reflecting the inherent risk in the respective loans.</li> <li>• For a sample of financial assets, we tested the correctness of stage-wise categorization, reasonableness of PD, accuracy of LGD and ECL computation.</li> <li>• We also assessed the appropriateness of the impairment methodology adopted by the management including the presentation and disclosure requirements. This included assessing the appropriateness of key judgements. We tested the accuracy of key data inputs and calculations used in this regard.</li> </ul> <p>Based on the above work performed, management's assessment of impairment loss allowance and related disclosures are considered to be reasonable.</p>



**INDEPENDENT AUDITOR'S REPORT**

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>4.3 Information technology system</b></p> <p>The dependence of Information technology ("IT") system is run throughout the operating cycle of the company. Hence the reliability on Company's key financial accounting and reporting processes are tied with the effectiveness and efficiency of IT systems, IT controls over the voluminous transactions, process around such information systems and the usage of information from such systems. We observed that any probability of deficiencies in control over IT systems such as validation failures, incorrect input data, improper segregation of duties, unauthorized access to IT system, lack of monitoring may result in the financial accounts and report being misstated.</p> <p>In view of the same, we have considered this as Key Audit Matter and had focus on IT systems and controls, user access management, segregation of duties, system reconciliation controls and system application controls due to the complexity of the IT environment, huge daily operational volume across numerous locations and the reliance on automated and IT dependent manual controls.</p>	<p>Our audit procedures focused on the following:</p> <ul style="list-style-type: none"> <li>• IT infrastructure and applications relevant to the financial reporting.</li> <li>• Evaluating the IT policy and procedures of the Company in accordance with accepted standards, guidelines, practices and External Information Security ("IS") Audit performed in respect thereof.</li> <li>• Reviewing the organizational structure with job description, managerial policy and deployment of IT resources with respect to segregation of duties in IT environment to ensure that unauthorized data entry cannot take place and unauthorized programs are not allowed to run.</li> <li>• The aspects covered in the IT systems General Control audit were:             <ul style="list-style-type: none"> <li>(i) User Access Management</li> <li>(ii) System maintenance controls have been ensured by understanding the design and the operating effectiveness of such controls in the system;</li> </ul> </li> <li>• Understanding updates that were made to the IT landscape during the audit period and assessing the relevant information for financial reporting.</li> <li>• Application level embedded controls have been reviewed by performing validation checks, test check on logical access controls, a run through test to ensure non-manipulation of transaction entered into the system and other compensatory controls, wherever applicable.</li> </ul>



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Sakthi Finance Limited

**INDEPENDENT AUDITOR'S REPORT**

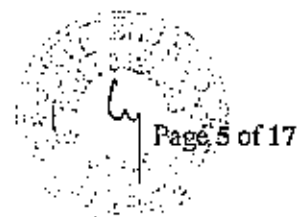
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**Information other than the Financial Statements and auditor's report thereon**

5. The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report, but does not include the Financial Statements and our auditor's report thereon.
6. The other information is expected to be made available to us after the date of this auditor's report. Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.
7. In connection with our audit of the Financial Statements, our responsibility is to read the other information identified above when it becomes available and in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.
8. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the relevant laws and regulations.

**Management's and Board of Directors' Responsibilities for the Financial Statements**

9. The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the Financial position, Financial performance including Other Comprehensive Income, Changes in Equity and Cash Flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended.
10. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
11. In preparing the Financial Statements, Management and Board of Directors' are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.
12. The Board of Directors is also responsible for overseeing the Company's financial reporting process.



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**INDEPENDENT AUDITOR'S REPORT**

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**Auditor's Responsibilities for the Audit of the Financial Statements**

13. Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards of Auditing "SAs" will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.
14. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to Financial Statements in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and Board of Directors.
  - Conclude on the appropriateness of Management's and Board of Directors' use of the going concern basis of accounting in preparation of Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
15. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**INDEPENDENT AUDITOR'S REPORT**

**Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

16. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.
17. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

18. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
19. (A) As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company in electronic mode on servers physically located in India, so far as it appears from our examination of those books and further the process of taking daily back-up is in place. Refer Note 56 to the Financial Statements.
  - c. The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - e. On the basis of the written representations received from the directors as on 31 March 2023, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.
  - f. With respect to the adequacy of the internal financial controls with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report.



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Sakthi Finance Limited

**INDEPENDENT AUDITOR'S REPORT**

**Report on Other Legal and Regulatory Requirements (continued)**

- (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- a) The Company has disclosed the impact of pending litigations as at 31 March 2023 on its financial position in its Financial Statements - Refer Note 32(i) to the financial statements.
  - b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - c) There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund ("IEPF") by the Company except for ₹ 500 that has not been transferred to IEPF for the reason described in Note 18 to the financial statements.
  - d) (i) The Management has represented that, to the best of its knowledge and belief, as disclosed in Note 36(i) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.  
(ii) The Management has also represented that, to the best of its knowledge and belief, as disclosed in Note 36(j) to the financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.  
(iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement.
  - e) (i) The Equity dividend recommended for the previous year, declared and paid by the Company during the current year, is in accordance with Section 123 of the Act, to the extent it applies to declaration and payment of dividend.  
(ii) The interim dividend declared and paid by the Company on Redeemable, Cumulative, Preference Shares during the current year is in accordance with Section 123 of the Act, to the extent it applies to declaration and payment of dividend.



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Sakthi Finance Limited

**INDEPENDENT AUDITOR'S REPORT**

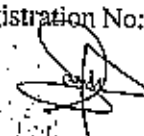
**Report on Other Legal and Regulatory Requirements (continued)**

- (ii) As stated in Note 57 to the financial statements, the Board of Directors of the Company have recommended an equity dividend for the year, which is subject to the approval of the members at the ensuing Annual General Meeting. Such equity dividend recommended by the Board of Directors is in accordance with Section 123 of the Act, to the extent it applies to declaration of dividend.
- f) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
- (C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid/provided by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid/provided to directors is within the limits laid down under Section 197 of the Act.

Coimbatore  
26 May 2023

for CSK Prabhu & Co.  
Chartered Accountants  
Firm's Registration No: 0024858

  
Mahesh Prabhu  
Partner  
Membership No: 214194  
UDIN: 23214194BGYQPT8995



CSK Prabhu & Co

Sakthi Finance Limited

**Annexure A to the Independent Auditor's Report**

(Referred to in paragraph 18 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

With reference to the Annexure A referred to in the Independent Auditor's Report to the members of the Company on the Financial Statements for the year ended 31 March 2023, we report the following:

- (i) (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and Investment Properties.
- (B) The Company is maintaining proper records showing full particulars of Intangible Assets.
- (b) On the basis of our examination of the records of the Company, Property, Plant and Equipment have been physically verified by the management at reasonable intervals and further no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable.
- (c) On the basis of our examination of the records of the Company and conveyance deeds/lease agreements and such other documents provided to us, the title deeds of all the immovable properties, disclosed in the Financial Statements, are held in the name of the company. Refer Note 36(a) to the Financial Statements. In respect of immovable properties taken on lease and disclosed as right-of-use assets in the Financial Statements, the lease agreements are in the name of the company.
- (d) On the basis of our examination of the records of the Company, the Company has not revalued its property, plant and equipment (including right of use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings that have been initiated or are pending against the Company as at 31 March 2023 for holding any benami property under the Benami Transactions (Prohibition) Act 1988 (45 of 1988) and the rules made thereunder. Refer Note 36(d) to the financial statements.
- (ii) (a) The Company is engaged in the business of providing loans and does not have any physical inventories. Accordingly, reporting under Clause 3(ii)(a) of the Order is not applicable.
- (b) During the year, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of the security of current assets (HP Loan/Finance Receivables). Based on our examination of the records of the Company, the applicable quarterly returns or statements filed by the company with such banks or financial institutions are in agreement with the books of account of the Company. Refer Note 36(e) to the Financial Statements.
- (iii) (a) The Company is registered with Reserve Bank of India under Section 45-IA as a Non-Banking Financial Company and its principal business is to give loans. Therefore, the provisions of Clause (iii)(a)(A) and Clause (iii)(a)(B) of the Order are not applicable.
- (b) In our opinion and according to the information and explanations given to us, wherever applicable, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the company's interest.

- (c) On the basis of our examination of the records of the Company, in our opinion, in respect of loans and advances in the nature of loans given, the schedule of repayment of principal and payment of interest has been stipulated. Since the Company is a Non-Banking Financial Company ("NBFC") registered with Reserve Bank of India ("RBI") and carrying on the principal business of giving loans to customers, and in view of the voluminous nature of loan transactions generated in the normal course of the Company's business, it is not practicable to furnish the entity-wise details of the loan amount, due date for payment and extent of delay (as suggested in the Guidance Note on CARO 2020 issued by the Institute of Chartered Accountants of India for reporting under this clause) and hence have not been reported. Further, except for loans where there are delays or defaults in repayment of principal and/or interest as at the balance sheet date, in respect of which the Company has disclosed the loan asset classification/staging in Note 49.5 to the financial statements in accordance with the Indian Accounting Standards ("Ind AS") and the guidelines issued by the RBI, the parties are repaying the principal amounts, as stipulated and are also regular in payment of interest, as applicable.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is a Non-Banking Financial Company ("NBFC") registered with Reserve Bank of India ("RBI") and carrying on the principal business of giving loans and the same are as per the loan agreements entered into with the borrowers and there are amounts of Principal and Interest overdue for more than ninety days, in respect of such loans and advances in the nature of loans given. Such amounts overdue for more than ninety days in loan account receivables are identified and disclosed by the Company as Stage-3/ Non-Performing Assets ("NPAs"), in accordance with the provisions of the applicable Accounting Standards as disclosed in Note 49.5 to the Financial Statements and as per Accounting Policy described in Note 2.g.(v) to the Financial Statements and in accordance with the relevant guidelines of RBI respectively. The Company has explained to us that reasonable steps have been taken by the company for recovery of the principal and interest and the relevant Reserve Bank of India ("RBI") Guidelines/Directions have been followed in this respect. The total amount overdue for more than ninety days identified as at 31 March 2023 is as follows: Number of such Overdue Receivables is 2,252 cases (Previous Year 2,229 cases), Principal Amount Overdue is Rs.3,470.53 Lakhs (Previous Year: Rs.3,738.65 Lakhs), Interest Amount Overdue is Rs.738.07 Lakhs (Previous Year: Rs.778.13 Lakhs) and Total Amount Overdue is Rs.4,208.60 Lakhs (Previous Year: Rs.4,516.78 Lakhs).
- (e) Since the Company's principal business is to give loans, reporting under Clause (iii)(e) of the Order is not applicable.
- (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment excepting for staff loans/advances which are granted without specifying any terms or period of repayment. The aggregate amount of such loans as at 31st March 2023 stood at Rs.89.42 lakhs (Previous Year: Rs.92.48 lakhs) representing 0.07% (Previous Year 0.08%) to the Total Loans granted. There were no loans granted to Promoters, Related Parties as defined in Clause (76) of

Section 2 of the Act which are repayable on demand or without specifying any terms or period of repayment, excepting for receivables as explained by the management to be in the ordinary course of business of the Company and not in the nature of loans.

- (iv) According to the information and explanation given to us, the Company has not granted any loans, made investments or provided guarantees in contravention of provisions of Section 185 of the Act. The Company has complied with the provisions of Section 186(1) of the Act. The other provisions of Section 186 of the Act are not applicable to the Company as the Company is a Non-Banking Financial Company Registered with RBI.
- (v) In our opinion and according to the information and explanations given to us, the company is a Deposit taking Non-Banking Financial Company ("NBFC") registered with Reserve Bank of India. In respect of the deposits accepted by the company or amounts which are deemed to be deposits, the company has complied with the directions issued by the Reserve Bank of India. The provisions of Section 73 to 76 of the Act, and any other relevant provisions of the Act and the rules made thereunder with regard to deposits accepted from the public are not applicable to the company. We are informed by the management that no order has been passed by National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the company in respect of the aforesaid deposits.
- (vi) The maintenance of cost records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act for the activities of the company. Accordingly, Clause 3(vi) of the Order is not applicable.
- (vii) (a) In our opinion and according to the information and explanations given to us and based on the records examined by us, the Company is regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, as applicable with the appropriate authorities. There are no arrears of outstanding statutory dues as on the last day of the financial year for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no statutory dues relating to GST, Provident Fund, Employees State Insurance, Income-Tax, Sales Tax, Service Tax, Duty of Customs, duty of excise, Value Added Tax or Cess or other statutory dues, as applicable, which have not been deposited on account of any dispute, except as mentioned below: Refer Note 32(i) to the Financials Statements.

Name of the statute	Nature of dues	Amount (₹ Lakhs)	Period to which the amount relates (Financial Year)	Forum where dispute is pending
Income Tax Act, 1961	Income tax	9.83*	2011-12	Assessing Officer

Income Tax Act, 1961	Income tax	174.92 (Gross Demand 217.16 * Less: Amount deposited under protest 42.24)	2015-16	Commissioner of Income Tax (Appeals)
Finance Act, 1994	Service tax	1939.04 (Gross Demand 2082.34 * Less: Amount deposited under protest 143.30)	October 2009 to June 2017	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)

\* excluding appropriate Interest not determined

- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, we report that there are no transactions that are previously not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, the requirement to report on Clause 3(viii) of the Order is not applicable.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared as wilful defaulter by any bank or financial institution or other lender or government or government authority.
- (c) In our opinion and according to the information and explanations given to us by the management, the term loans were applied for the purpose for which the loans were obtained.
- (d) According to the information and explanations given to us and the procedures performed by us and on an overall examination of the Financial Statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) On an overall examination of the Financial Statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures during the year. The Company does not have any subsidiaries, associates or joint ventures to report.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies as the Company does not have subsidiaries, associates or joint ventures. Hence, the requirement to report on Clause (3)(ix)(f) of the Order is not applicable.
- (x) (a) The Company has raised moneys by way of further public offer of Non-Convertible Debentures during the current financial year. According to the information and explanations given to us and on the basis of our examination of the records of the Company, we report that the company has utilized such moneys raised for the purpose for which the funds were raised.



- (b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year under report.
- (xi) (a) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we report that no fraud by the Company or no fraud on the Company has been noticed or reported during the course of the audit. Further we have not been informed of any such case by the management.
- (b) During the year and up to the date of this report, no report under Section 143(12) of the Act has been filed by secretarial auditor or by us in Form ADT - 4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) According to information and explanations given to us and as represented to us by the management, there were no whistle blower complaints received by the Company during the year which are to be considered while determining the nature, timing and extent of our audit procedures.
- (xii) The Company is not a Nidhi Company. Accordingly, Clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the Financial Statements, as required by the applicable accounting standards. (Refer Note 43 of Financial Statements)
- (xiv) (a) Based on the information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered all the internal audit reports issued to the Company for the period under audit.
- (xv) According to the information and explanations given to us and in our opinion, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. Accordingly, Clause 3(xv) of the Order is not applicable.
- (xvi) (a) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the registration thereunder has been obtained by the Company as Non-Banking Financial Company-Deposit-taking, Investment and Credit Company.
- (b) According to the information and explanations given to us, the company has not conducted any Non-Banking Financial activities without a valid Certificate of Registration ("CoR") from the Reserve Bank of India as per the Reserve Bank of India Act, 1934, wherever applicable. The Company has not conducted any Housing Finance activities.
- (c) According to the information and explanations given to us, the Company is not a Core Investment Company ("CIC") as defined in the regulations made by the Reserve Bank of India. Accordingly, Clause 3(xvi)(c) of the Order is not applicable.
- (d) Based on the information and explanations provided to us by the management of the Company,



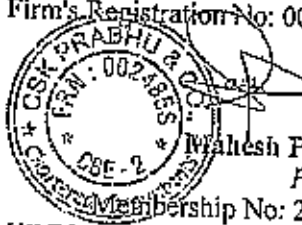
CSK Prabhu & Co

Sakthi Finance Limited

Annexure A to the Independent Auditor's Report

- the Group does not have any CICs as part of the Group.
- (xvii) The Company has not incurred cash losses during the current financial year covered by our audit and in the immediately preceding financial year.
- (xviii) There has been no resignation of Statutory Auditors of the Company during the year.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities (Refer Note 38 and Note 45 (Liquidity Risk) to the financial statements), other information accompanying the Financial Statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) On the basis of information and explanations given to us by the Company, in respect of other than on-going projects, as at balance sheet date, the Company has no unspent amounts that are required to be transferred to a Fund specified in Schedule VII to the Act, within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of Section 135 of the said Act.
- (b) On the basis of information and explanations given to us by the Company, the Company has no on-going projects as at the balance sheet date. The Company has no amounts remaining unspent under sub-section (5) of Section 135 of the Companies Act, requiring to be transferred to special account in compliance with the provision of sub-section (6) of Section 135 of the Act (Refer Note 37 to the financial statements).
- (xxi) According to information and explanations given to us, the company does not have any Subsidiary/Associate/Joint Venture and therefore is not required to prepare and present consolidated Financial Statements pursuant to the provisions of any statute. Accordingly, reporting under Clause (xxi) of para 3 of the Order is not applicable.

Coimbatore  
26 May 2023

for CSK Prabhu & Co  
Chartered Accountants  
Firm's Registration No: 002485S  
  
Mahesh Prabhu  
Partner  
Membership No: 214194  
UDIN: 23214194BGYQPT8995



CSK Prabhu & Co

Sakthi Finance Limited

**Annexure B to the Independent Auditor's Report**

**Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Act**  
(Referred to in paragraph 19(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

**Opinion**

1. We have audited the internal financial controls with reference to Financial Statements of Sakthi Finance Limited ("the Company") as at 31 March 2023 in conjunction with our audit of the Financial Statements of the Company as at and for the year ended on that date.
2. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to Financial Statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

**Management's and Board of Directors' Responsibilities for Internal Financial Controls**

3. The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Act.

**Auditor's Responsibility**

4. Our responsibility is to express an opinion on the Company's internal financial controls with reference to Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to Financial Statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Financial Statements were established and maintained and whether such controls operated effectively in all material respects.
5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Financial Statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.



CSK Prabhu & Co

Sakthi Finance Limited

Anexure B to the Independent Auditor's Report

Auditor's Responsibility (continued)

6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to Financial Statements.

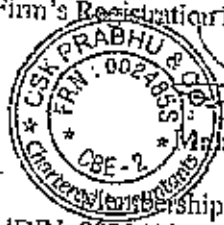
**Meaning of Internal Financial Controls with Reference to Financial Statements**

7. A company's internal financial controls with reference to Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to Financial Statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Financial Statements.

**Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

8. Because of the inherent limitations of internal financial controls with reference to Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Financial Statements to future periods are subject to the risk that the internal financial controls with reference to Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Coimbatore  
26 May 2023

for CSK Prabhu & Co  
Chartered Accountants  
Firm's Registration No: 002485S  
  
M. Anesh Prabhu  
Partner  
Membership No: 214194  
UDIN: 23214194BGYQPT8995

**SAKTHI FINANCE LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH 2023**

Particulars	Note	(₹ Lakhs)	
		As at 31st March 2023	As at 31st March 2022
<b>ASSETS</b>			
<b>Financial Assets</b>			
Cash and Cash Equivalents			
Bank Balances other than Cash and Cash Equivalents	3	3,002.79	1,449.51
Derivative Financial Instruments	4	42.91	1,129.31
Receivables		-	-
(i) Trade Receivables	5		
(ii) Other Receivables		226.21	169.25
Loans		18.39	16.56
Investments	6	1,14,500.10	1,10,311.20
Other Financial Assets	7	1,344.51	2,487.88
<b>Non-Financial Assets</b>	8	1,288.55	1,712.91
Current tax Assets (net)			
Deferred tax Assets (net)		33.15	17.40
Investment Property	9	395.30	217.94
Property Plant and Equipment	10	270.61	275.21
Right of use assets	11 (a)	5,844.58	5,946.63
Intangible Assets under development	11 (b)	1,059.12	1,093.60
Other Intangible Assets	11 (c)	-	-
Other Non-Financial Assets	11 (d)	156.58	179.46
<b>Total Assets</b>	12	<b>1,875.19</b>	<b>1,936.14</b>
		<b>1,30,057.99</b>	<b>1,26,943.00</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial Liabilities</b>			
Payables			
(i) Trade Payables	13		
(i) Total outstanding dues of micro enterprises and small enterprises		-	0.28
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		156.15	127.76
(ii) Other Payables			
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises			
Debt Securities		193.26	175.13
Borrowings (Other than debt securities)	14	48,792.43	41,560.04
Deposits	15	14,654.08	15,565.69
Subordinated Liabilities	16	2,444.17	8,540.60
Other Financial Liabilities	17	41,512.40	39,530.77
	18	1,384.96	1,426.14

**BALANCE SHEET AS AT 31ST MARCH 2023 (CONTD...)**

(₹ Lakhs)

Particulars	Note	As at 31st March 2023	As at 31st March 2022
<b>Non-Financial Liabilities</b>			
Provisions	19	135.49	122.65
Other Non-Financial Liabilities	20	97.78	99.55
<b>EQUITY</b>			
Equity Share Capital	21	6,470.59	6,470.59
Other Equity	22	14,216.68	13,323.80
<b>Total Liabilities and Equity</b>		<b>1,30,057.99</b>	<b>1,26,943.00</b>
The accompanying Notes form an integral part of the Financial Statements	1-59		

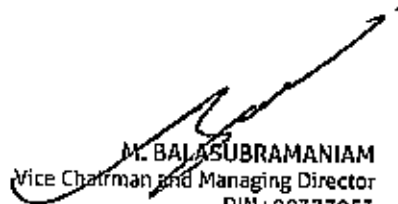
As per our report of even date  
For CSK Prabhu & Co.,  
Chartered Accountants  
Firm Regn. No.: 0024855




**MAHESH PRABHU**  
Partner  
Membership No. 214194



Place : Coimbatore  
Date : 26th May 2023



**M. BALASUBRAMANIAM**  
Vice Chairman and Managing Director  
DIN : 00377053




**C. SUBRAMANIAM**  
Company Secretary  
Membership No. FCS 6971

For and on behalf of the Board



**M. MANICKAM**  
Chairman  
DIN : 00102233



**SRINIVASAN ANAND**  
Chief Financial Officer  
Membership No.020694

**SAKTHI FINANCE LIMITED**
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2023**

(₹ Lakhs)

Particulars	Note	For the year ended 31st March 2023	For the year ended 31st March 2022
<b>REVENUE FROM OPERATIONS</b>			
Interest Income	23	18,476.72	17,566.97
Lease Rental Income		30.94	29.62
Fees and Commission Income	24	459.47	321.49
Sale of power from Wind Mills	25	173.13	177.88
Recovery of Bad Debts		40.34	37.75
<b>Total Revenue from operations</b>		<b>19,180.60</b>	<b>18,133.71</b>
Other Income	26	13.37	1.40
<b>Total Income</b>		<b>19,193.97</b>	<b>18,135.11</b>
<b>Expenses</b>			
Finance Costs	27	10,926.13	10,775.85
Fees and commission expense		107.44	183.02
Impairment on financial instruments	28	926.07	1,034.37
Employee Benefit Expenses	29 & 43	3,246.21	2,895.60
Depreciation and Amortization Expense	10, 11, 30	546.93	491.07
Other Expenses	31	1,705.22	1,463.16
<b>Total Expenses</b>		<b>17,458.00</b>	<b>16,843.07</b>
<b>Profit before Exceptional and Extraordinary Items and Tax</b>		<b>1,735.97</b>	<b>1,292.04</b>
Exceptional Items		-	-
<b>Profit before Tax</b>		<b>1,735.97</b>	<b>1,292.04</b>
<b>Tax Expense:</b>			
- Current Tax	41	486.60	340.16
- Deferred Tax		674.65	601.09
		(188.05)	(260.93)
<b>Profit for the year</b>		<b>1,249.37</b>	<b>951.88</b>
<b>Other Comprehensive Income</b>	22		
<b>(A) Items that will not be reclassified to profit or loss</b>			
- Fair value changes in Equity Instruments		36.38	22.78
- Actuarial Changes in Defined benefit obligation		6.06	13.95
- Income Tax relating to items that will not be reclassified to profit or loss		(10.68)	(3.51)
<b>Sub Total (A)</b>		<b>31.76</b>	<b>33.22</b>
<b>(B) Items that will be reclassified to profit or loss</b>			
<b>Total Other Comprehensive Income (A+B)</b>		<b>31.76</b>	<b>33.22</b>
<b>Total Comprehensive Income</b>		<b>1,281.13</b>	<b>985.10</b>
<b>Earnings per Equity Share</b>	2(ab) & 44		
Face Value per Equity Share (₹)		10.00	10.00
- Basic (₹)		1.98	1.52
- Diluted (₹)		1.98	1.52
The accompanying Notes form an integral part of the financial statements	1-59		

As per our report of even date

For CSK Prabhu &amp; Co.,

Chartered Accountants

Firm Regn. No. : 0024855




**MAHESH PRABHU**

Partner

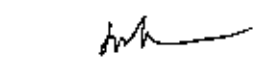
Membership No. 214194

Place : Coimbatore

Date : 26th May 2023



**M. BALASUBRAMANIAM**  
Vice Chairman and Managing Director  
DIN : 00377053



**C. SUBRAMANIAM**  
Company Secretary  
Membership No. FCS 6971

For and on behalf of the Board



**M. MANICKAM**  
Chairman  
DIN : 00102233



**SRIKIVASAN ANAND**  
Chief Financial Officer  
Membership No.020694

**SAIKHI FINANCE LIMITED**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2023**

**A. EQUITY SHARE CAPITAL - (Issued, Subscribed and fully paid-up) (Refer Note 21)**

Current reporting year and previous reporting year

Particulars	(₹ Lakhs)	
	As at 31st March 2023	As at 31st March 2022
Balance at the beginning of the current reporting year	6,470.59	6,470.59
Changes in Equity Share Capital due to prior period errors	-	-
Restated Balance at the beginning of the current reporting year	6,470.59	6,470.59
Changes in equity share capital during the current year	-	-
Balance at the end of the current reporting year	6,470.59	6,470.59

**B. OTHER EQUITY (Refer Note 22)**

**(1) Current reporting year (1st April 2022 to 31st March 2023)**

Particulars	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus					Items of Other Comprehensive Income						Money received against share warrants	Total
			Capital Reserve	Securities Premium	General Reserve	Other Reserves (as per Section 45-1C of RBI Act, 1934)	Retained Earnings	Debt Instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Accrual changes in defined benefit obligations		
Balance at the beginning of the current reporting period 1st April 2022	-	-	52.61	1,429.80	4,436.00	3,543.05	3,852.17	(14.20)	-	-	-	24.37	-	-	13,323.80
Changes in accounting policy/ prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	52.61	1,429.80	4,436.00	3,543.05	3,852.17	(14.20)	-	-	-	24.37	-	-	13,323.80
Total Comprehensive Income for the year	-	-	-	-	-	-	1,249.37	-	27.22	-	-	4.53	-	-	1,281.12
Dividends	-	-	-	-	-	-	(388.24)	-	-	-	-	-	-	-	(388.24)
Transfer to retained earnings	-	-	-	-	-	-	249.87	(249.87)	-	-	-	-	-	-	-
Transfer to Statutory Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issue Expenses on Preferential Issue of Equity Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31st March 2023	-	-	52.61	1,429.80	4,436.00	3,792.92	4,463.43	13.02	-	-	-	28.90	-	-	14,216.68



**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD...)**

(2) Previous reporting year (1st April-2021 TO 31st March 2022)

(₹ Lakhs)

Particulars	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus					Items of Other Comprehensive Income						Money received against share warrants	Total
			Capital Reserve	Securities Premium	General Reserve	Other Reserves (as per Section 45-1C of RBI Act, 1934)	Retained Earnings	Debt instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Actuarial changes in defined benefits obligations		
Balance at the beginning of the current reporting period 1st April 2021	-	-	52.61	1,429.80	4,436.00	3,352.67	3,478.91	(36.98)	-	-	-	-	13.93	-	12,726.94
Changes in accounting policy/ prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	52.61	1,429.80	4,436.00	3,352.67	3,478.91	(36.98)	-	-	-	-	13.93	-	12,726.94
Total Comprehensive Income for the year	-	-	-	-	-	-	951.88	22.78	-	-	-	-	10.44	-	985.10
Dividends	-	-	-	-	-	-	(388.24)	-	-	-	-	-	-	-	(388.24)
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Statutory Reserve	-	-	-	-	-	-	(190.38)	-	-	-	-	-	-	-	-
Issue Expenses on Preferential Issue of Equity Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31st March 2022	-	-	52.61	1,429.80	4,436.00	3,543.05	3,852.17	(14.20)	-	-	-	-	24.37	-	13,323.80

See accompanying Notes to the Financial Statements

As per our report of even date

For CSK Prabhu & Co.,

Chartered Accountants

Firm Regn. No. : 0024855



*(Signature)*

**MAHESH PRABHU**

Partner

Membership No. 214194

For and on behalf of the Board

*(Signature)*

**M. MANICKAM**

Chairman

DIN : 00102233

*(Signature)*

**M. BALASUBRAMANIAM**

Vice Chairman and Managing Director

DIN : 00377055

*(Signature)*

**C. SUBRAMANIAM**

Company Secretary

Membership No. FCS 6971

*(Signature)*

**SRINIVASAN ANAND**

Chief Financial Officer

Membership No.020694

Place : Coimbatore

Date : 26th May 2023

**SAKTHI FINANCE LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2023**

(₹ Lakhs)

Particulars	Note	For the year ended 31st March 2023	For the year ended 31st March 2022
<b>A. Cash flow from Operating activities</b>			
Profit before tax		1,735.97	1,292.04
Adjustment to reconcile profit before tax to net cash flows :			
Non-cash expenses			
Depreciation, amortisation	30	546.93	491.07
Impairment on Loan Assets	28	680.88	878.54
Bad debts and write-offs	28	233.77	157.35
Remeasurement gain/(loss) on defined benefit plans		6.06	13.95
Impairment on investments	28	4.75	3.17
Impairment on Trade receivables	28	6.67	(4.69)
Amortization of fees and Commission on financial liabilities		172.69	268.34
Income/expenses considered separately			
Income from investing activities		(173.87)	(377.04)
Net gain/loss on derecognition of property, plant and equipment	31	2.39	0.12
Finance costs	27	10,926.13	10,775.85
<b>Operating profit before working capital changes</b>		<b>14,142.37</b>	<b>13,498.70</b>
<b>Movements in Working Capital:</b>			
Decrease/(increase) in Loans		(5,103.55)	(1,993.36)
Decrease / (increase) in Trade receivables		(63.63)	17.85
Decrease / (increase) in Other receivables		(1.83)	(13.04)
Decrease / (increase) in Other financial assets		444.19	134.35
Decrease / (increase) in Other non-financial assets		70.04	(1,587.65)
Increase / (decrease) in Trade Payables		28.11	(15.84)
Increase / (decrease) in Other Payables		18.13	23.65
Increase / (decrease) in Other financial liabilities		(27.93)	(300.77)
Increase / (decrease) in Other non- financial liabilities		(1.77)	31.09
Increase / (decrease) in Provisions		12.84	4.56
<b>Cash generated from operations</b>		<b>(4,625.40)</b>	<b>(3,699.16)</b>
Income taxes paid (net of refunds)		(690.40)	(665.78)
Interest received on Bank deposits	23	18.00	158.80
Finance costs paid		(9,007.44)	(9,082.00)
<b>Net Cash flows from / (used in) operating activities (A)</b>		<b>(162.87)</b>	<b>210.56</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment and intangible assets	11	(389.43)	(324.69)
Proceeds from sale of investments at amortised cost		1,185.67	200.00
Proceeds from sale of property, plant and equipment and intangible assets		4.11	0.03
Interest income received from investment at amortised cost	23	145.20	218.24
Increase in earmarked balances with banks		1,086.40	(753.52)
<b>Net cash flows from / (used in) investing activities (B)</b>		<b>2,031.95</b>	<b>(659.94)</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD...)

(₹ Lakhs)

Particulars	Note	For the year ended 31st March 2023	For the year ended 31st March 2022
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Issue Expense of Debt Securities		(9.09)	(12.78)
Proceeds from Debt securities		15,600.00	18,779.68
Repayment of Debt securities		(8,407.36)	(5,990.96)
Repayment of Deposits		(6,114.07)	(8,601.79)
Repayment of Other than debt securities		(2,421.07)	(3,528.23)
Proceeds from Subordinated liabilities		-	5,090.47
Repayment of Subordinated liabilities		33.83	(763.89)
(Increase) / Decrease in loan repayable on demand		1,443.79	(4,050.93)
Lease liability paid		(53.59)	1.45
Dividend paid	21	(388.24)	(388.24)
Net cash flows from financing activities (C)		(315.80)	534.78
Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)		1,553.28	85.40
Cash and Cash Equivalents at the beginning of the year		1,449.51	1,364.11
Cash and cash equivalents as at the year ended		3,002.79	1,449.51
Net cash provided by / (used in) Operating Activities includes:			
Interest received		18,313.52	17,189.93
Interest paid		(9,007.44)	(9,082.00)
Net cash provided by / (used in) operating activities		9,306.08	8,107.93
Cash and cash equivalents as at the year ended	3		
i) Cash in hand		189.80	270.41
ii) Cheques on hand		106.58	48.71
iii) Balances with banks (of the nature of cash and cash equivalents)		2,706.41	1,130.39
Total		3,002.79	1,449.51

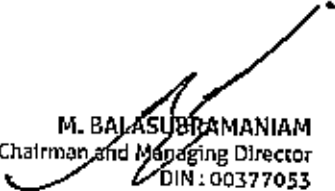
The above Cash Flow Statement has been prepared under the indirect method as set-out in Ind As-7 "Statement of Cash Flows".

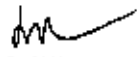
As per our report of even date  
For CSK Prabhu & Co.,  
Chartered Accountants  
Firm Regn. No. : 0024855

  
**MAHESH PRABHU**  
Partner  
Membership No. 214194



Place : Coimbatore  
Date : 26th May 2023

  
**M. BALASUBRAMANIAM**  
Vice Chairman and Managing Director  
DIN : 00377053

  
**C. SUBRAMANIAM**  
Company Secretary  
Membership No. FCS 6971

For and on behalf of the Board

  
**M. MANICKAM**  
Chairman  
DIN : 00102233

  
**SRINIVASAN ANAND**  
Chief Financial Officer  
Membership No. 020694

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

### 1. Company Overview

Sakthi Finance Limited ("SFL" or "the Company") with Corporate Identification No L65910TZ1955PLC000145 incorporated on 30th March 1955 under the Indian Companies Act 1913 and domiciled in Coimbatore, is a Public Limited Company situated in Coimbatore. The Registered Office of the Company is situated at 62, Dr. Nanjappa Road, Coimbatore - 641018.

The Company is a Systemically Important Deposit-taking Non-Banking Financial Company ("NBFC") registered under Sec 45-IA of the Reserve Bank of India ("RBI") Act 1934 under certificate No. 07-00252 dated 8th May 1998. Pursuant to RBI Circular dated 22nd February 2019, the Company has been classified as an NBFC Investment and Credit Company ("NBFC-ICC"). The Company is primarily engaged in the business of Hire Purchase Financing of Commercial Vehicles, Infrastructure Equipment, Machineries, etc. The Equity Shares and Non-Convertible Debentures of the Company are listed on BSE Limited.

The Board of Directors have, at their meeting held on 26th May 2023, approved and authorized the issue of these Financial statements of the Company for the year ended 31st March 2023.

### 2. Summary of Significant Accounting Policies

#### a. Statement of Compliance

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ("Ind AS") as per the Companies (Indian Accounting Standards) Rules 2015, as amended and notified under Section 133 of the Companies Act 2013 ("the Act") and is in conformity with the accounting principles generally accepted in India and other relevant provisions of the Act as applicable. Further, the Company has also complied with the Master Direction on Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016 ("the NBFC Master Directions"), as amended and the notification on implementation of Indian Accounting Standards vide circular RBI/2019-20/170DQR(NBFC). CC.PD.No.109/22.10.106/2019-20 dated 13th March 2020 ("RBI Notification on Implementation of Ind AS") issued by RBI.

Any application / guidance / clarifications / directions issued by RBI or other regulators are implemented as and when they are issued / applicable.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The regulatory disclosures, as required by NBFC Master Directions, are included in the Notes forming an

integral part of the financial statements, are prepared as per RBI Notification on "Implementation of Ind AS" dated 13th March 2020.

#### b. Basis of Preparation and Measurement

The financial statements have been prepared on a going concern basis and on historical cost convention, except for certain financial instruments that are measured at Fair Value Through Other Comprehensive Income ("FVTOCI") at the end of each reporting period. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

#### c. Presentation of Financial Statements

The company presents its balance sheet in the order of liquidity. Financial statements of the Company are prepared and presented in the format prescribed in the Division III of Schedule III to the Act applicable to NBFCs, as notified by the Ministry of Corporate Affairs ("MCA"). Financial assets and financial liabilities are generally reported gross in the balance sheet.

They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognized amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances.

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Company and/or its counter parties.

#### d. Functional and Presentation Currency

The Financial Statements are presented in Indian Rupees (₹) which is the Company's functional currency. All amounts are rounded off to the nearest lakhs with two decimals except where otherwise indicated.

The aggregation and classification of amounts in the financial statements are based on materiality and similarity between the items. Items of dissimilar nature or function are separately presented unless they are immaterial except when required by law.

#### e. Significant accounting judgments, estimates and assumptions

##### Use of Estimates, Judgments and Estimation uncertainty

The preparation of financial statements of the company involves use of estimates in computation of expected credit loss, making judgments in determination of fair value of financial assets and financial liabilities, assumptions for actuarial changes in defined benefit obligations. The Company based its assumptions and estimates on factors available when the financial statements were prepared.

The use of estimates and assumptions, which might have an effect on these financial statements.

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)

The estimates are based on historical experience and other factors that are considered to be relevant. The actual results may differ from these estimates. The company believes that the estimates used in the preparation of financial statements are prudent and reasonable.

Estimates, judgments and underlying assumptions are reviewed on an on-going basis. Revision of estimates are recognized prospectively.

Existing circumstances and assumptions about future development, however, may change due to market changes or circumstances arising that are beyond the control of the company. In the process of applying the Company's accounting policies, the management has made reasonable estimates and judgments in relation to the carrying amount of assets and liabilities at each balance sheet date.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following notes:

### (i) Business Model Assessment

Classification and measurement of financial assets depends on the results of the Business Model Assessment and Solely Payments of Principal and Interest ("SPPI"). The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in the business model and so a prospective change to the classification of those assets.

### (ii) Defined employee benefit obligations

The cost of the defined benefit gratuity and leave encashment plan and the present value of the gratuity and leave encashment obligation are

determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

### (iii) Fair value measurement

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

### (iv) Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

### (v) Contingent liabilities and provisions other than impairment on loan portfolio

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can reliably be estimated. The timing of recognition and quantification of the liability requires the application of judgment to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed at each Balance Sheet date and revised to take account of changing facts and circumstances.

### (vi) Effective Interest Rate ("EIR") method on Financial Assets

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)

rate of return over the expected behavioral life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgment regarding the expected behaviour and life-cycle of the instruments as well as expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

(vii) Useful lives and residual values of Property Plant and Equipment, Investment Property and Intangible Assets are reviewed by the Company at the end of each Financial year.

### f. New Accounting Standards issued but not yet effective / Recent Accounting Development

Ministry of Corporate Affairs ("MCA") has notified the following new amendments to Ind AS which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2023.

#### (i) Ind AS - 1 Presentation of Financial Instruments

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information together with other information is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

#### (ii) Ind AS - 8 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

#### (iii) Ind AS - 12 Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give

rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

#### (iv) Ind AS - 102 Share Based Payments

The amendment regarding the change in the placement of a footnote aims in providing better clarity and context within the standard. The Company does not expect this amendment to have any significant impact in its financial statements.

#### (v) Ind AS - 107 Financial Instruments: Disclosures

The amendment aims to modify the disclosure requirements complementary to the amendments proposed in Ind AS 1. The Company does not expect this amendment to have any significant impact in its financial statements.

### g. Financial Instruments

#### i. Initial Recognition and Measurement

Financial assets and Financial liabilities are initially recognized on the date the company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities measured at fair value through profit or loss are recognised immediately in the Statement of Profit and Loss.

Transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities that are measured at amortised cost are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Unlike the other financial assets, Trade receivables are measured at transaction price at which the transaction had taken place.

#### ii. Classification and subsequent Measurement

The financial assets are classified based on the Company's business model for managing the financial assets and their contractual cash flow characteristics as subsequently measured:

a) At amortised cost

b) At Fair Value Through Other Comprehensive Income ("FVTOCI")

c) At Fair Value Through Profit or Loss ("FVTPL")

The Company classifies its financial liabilities at amortised cost unless it has designated liabilities at fair value through profit or loss.

#### Financial Assets at Amortised Cost

The classification of financial assets such as Cash and Cash Equivalents, Loans, Trade Receivables and investments (other than those classified at



## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)

FVTOCI) are measured at amortized cost based on the assessment of business model as follows:

### Business Model Assessment

An assessment of business model for managing financial assets is fundamental to the classification of a financial asset.

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument by instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the company's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and
- The expected frequency, value and timing of loan disbursements based on the analysis of disbursements made and realisation of cash flows in previous periods.

The financial assets of the company are held within a business model, whose objective is to hold assets in order to collect contractual cash flows, are managed to realise cash flows by collecting contractual payments over the life of the instrument and within the business model whose objective is achieved by both collecting the contractual cash flows and selling the financial asset.

The Solely Payments of Principal and Interest ("SPPI") test on the principal amount outstanding:

For an asset to be classified and measured at amortised cost, its contractual terms should give rise to cash flows that meet SPPI test.

For that purpose:

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset.

The interest income represents the consideration for time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement.

The SPPI assessment is made in the currency in which the financial asset is denominated.

The contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest ("SPPI") on the principal amount outstanding.

### Financial Assets at FVTOCI

#### Equity instruments

The Company has made an irrevocable election to classify and measure the equity instruments at FVTOCI to present the subsequent changes in Fair Value under Other Comprehensive Income ("OCI") and the classification is determined on an instrument by instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as dividend income when the right to receive the payment has been established, except when the company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI.

#### Financial Liabilities at Amortised Cost

The company has classified the debt instruments, redeemable non-convertible preference shares and other borrowed funds at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue of funds and transaction costs that are an integral part of the Effective Interest Rate ("EIR").

Any fees, paid or received, transaction costs and other premiums or discounts that are included in the calculation of the effective interest rate are amortised over the expected life of the financial instrument.

### iii. Reclassification of Financial Instrument

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

The Company did not reclassify any of its financial assets or liabilities during the financial year.

Till 31st March 2020, the issue expenses relating to public issue of Non-Convertible Debentures was set off against securities premium. From 1st April 2020 onwards, the amortised issue expenses are written off in the statement of profit and loss.

#### Recognition of Financial Instrument

- Loans and Advances are initially recognised when the when agreements are entered into with borrowers.
- Investments are initially recognised on the settlement / delivery date.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)**

- Debt securities, deposits and borrowings are initially recognised when funds received or date of allotment whichever is appropriate,
- Other Financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument.

**iv. Derecognition of Financial Instrument**

**Financial Assets**

The Company derecognises the Financial Asset when and only when:

- The contractual rights to receive the cash flows from the financial asset have expired.
- The Company also derecognizes the Financial Asset if it has both transferred the Financial Asset and the transfer qualifies for derecognition. The Company has transferred the Financial Asset, if and only if, either:
- The Company has transferred its right to receive cash flows from the Financial asset or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

A transfer qualifies for derecognition only if either :

- a. the Company has transferred substantially all the risks and rewards of the asset, or
- b. the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset, the difference between:

- a. the carrying amount (measured at the date of derecognition) and
- b. the consideration received is recognised in the statement of profit and loss.

**Financial Liabilities**

The Company derecognises the financial liability when and only when it is extinguished i.e. when the contractual obligation is discharged or cancelled or expired.

A financial liability is considered as extinguished when there is an exchange between the Company and the lender with substantially different terms of the original financial liability or when there is a substantial modification of the terms of existing financial liability or part thereof.

On derecognition of a financial liability, the difference between:

- a. the carrying amount and

- b. the consideration paid is recognised in the statement of profit and loss.

**v. Impairment of Financial Assets**

The Company records allowance for expected credit losses for all loans, other financial assets not held at fair value through profit or loss ("FVTPL"), referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

The impairment loss allowance is provided based on the Expected Credit Loss ("ECL") model.

The ECL is based on the credit losses expected to arise over the life of the financial asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Company has formulated a policy to perform an assessment, whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. When determining whether the risk of default on a financial asset has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information which takes into account the Company's historical credit loss experience, current economic conditions, forward looking information.

The expected credit loss is a product of Exposure at Default ('EAD'), Probability of Default ('PD') and Loss Given Default ('LGD'). The Company has devised an internal model to evaluate the LGD and PD based on the parameters set out in Ind AS 109. EAD represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets are held by the Company. LGD is an estimate of loss from a transaction given that a default occurs. PD is defined as the probability of whether the borrowers will default on their obligations in the future.

The Company incorporates forward-looking information into both assessments of whether the credit risk of an instrument has increased significantly since its initial recognition and its

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)

measurement of ECL. Based on the consideration of external actual and forecast information, the Company forms a 'base case' view of the future direction of relevant economic variables. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. The base case represents the most likely outcome while the other scenarios represent more optimistic and more pessimistic outcomes.

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. The Company regularly reviews its models in the context of actual loss experience and makes adjustments when such differences are significantly material. Adjustments including reversal of ECL are recognised through the statement of profit and loss.

**Significant increase in credit risk**

The Company continuously monitors all assets subject to ECLs in order to determine whether an instrument or a portfolio of instruments is subject to 12 month's ECL or lifetime ECL. The Company assesses whether there has been an event which could cause a significant increase in the credit risk of the underlying asset or the customers' ability to pay and accordingly change the 12 month's ECL to a lifetime ECL. The Company does the assessment of significant increase in credit risk at a borrower level. Regardless of the above, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

The financial assets have been segmented into three stages based on the risk profiles. The three stages reflect the general pattern of credit deterioration of a financial asset as detailed below:

### Stage 1

Financial assets, where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the

reporting date and that are not credit impaired upon origination, are classified under this Stage.

The Company classifies all standard loans and loans up to 30 days overdue under this category. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 and 3. The Company provides 12 month's ECL for Stage 1 assets.

### Stage 2

Financial assets, where there has been a significant increase in credit risk since initial recognition but do not have a objective evidence of impairment are classified under this Stage. 30 Days Past Due is considered under Stage 2. The Company provides Lifetime ECL for Stage 2 assets.

### Stage 3

All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified under this Stage. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired. For exposures that have become credit impaired, a lifetime ECL is recognized, a 100% PD is considered and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

### Definition of default

If the borrower is past due for more than 90 days on any material credit obligation to the Company or the borrower is unlikely to pay his credit obligations to the Company in full, it is considered as default.

### Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

### ECL on Investment in Government securities

The Company has invested in Government Securities. No ECL has been applied on these investments as there is no history of delay in servicing of interest/ repayments. The Company does not expect any delay in interest/redemption servicing in future.

### Simplified approach for trade/other receivables

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade/ other receivables that do not contain a significant financing component.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)**

**vi. Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right in the event of default to set off the amounts which must not be contingent.

**h. Collateral Valuation and Repossession**

To mitigate its credit risks on financial assets, the Company seeks to use collateral such as movable and immovable assets, guarantees, etc, wherever applicable. To the extent possible, the Company uses active market data and external valuers for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models or through external valuers.

The Company physically repossesses and takes into custody properties or other assets to settle outstanding debt. Any surplus funds are returned to the customers/ obligors. Assets held under legal repossession processes are not recorded in the balance sheet as it does not meet the recognition criteria in other standards and disclosed in the notes to Financial Statements.

**i. Write-offs**

The gross carrying amount of a financial asset is written-off (either partially or in full) to the extent that there is no reasonable expectation of recovering the asset in its entirety or a portion thereof, as per write-off policy of the Company. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written-off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the statement of profit and loss.

**j. Undrawn Loan Commitments**

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Company is required to provide a loan with pre-specified terms to the borrower. They are not recognised in the Financial Statements. The Company did not have any undrawn loan commitments in the current financial year or the preceding year.

**k. Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

1. in the principal market for the asset or liability; or
2. in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market is accessible by the company on the measurement date. The Company measures the fair value of an asset or liability using the assumption that market participants would use when pricing the asset or liability.

The price is either directly observable or estimated using another valuation technique. The Company had adopted valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value by maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The company applied the fair value hierarchy for the inputs to valuation techniques used to measure fair value. The three levels of hierarchy are given below:

Level 1	Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to, at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regard to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
Level 2	Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.
Level 3	Those that include one or more unobservable input that is significant to the measurement as a whole

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)**

The Company determines appropriate classes of assets and liabilities on the basis of the following:

- a. the nature, characteristics and risks of the asset or liability; and
- b. the level of the fair value hierarchy within which the fair value measurement is categorized.

The company evaluates the levelling at each reporting period on an instrument by instrument basis and reclassifies instruments when necessary based on the facts at the end of the period.

**l. Property, Plant and Equipment ("PPE")**

The Company has elected to use fair value for Land, Building and Plant and Machinery and carrying value for all other property, plant and equipment, Intangible assets as the deemed cost at the date of transition to Ind AS.

The Company recognises an item of Property, Plant and Equipment when:

- a. it is probable that future economic benefits associated with the item will flow to the Company; and
- b. the cost of the item can be measured reliably.

The cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Subsequent expenditures related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance if it is probable that future economic benefits will flow to the Company from that expenditure and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

Property, Plant and Equipment is carried at cost less accumulated depreciation and any accumulated impairment losses.

Capital work in progress comprises the cost of PPE that are not ready for its intended use at the reporting date.

**Depreciation**

Depreciation is calculated by using the straight-line method to write down the cost of Property, Plant and Equipment (other than freehold land) to their residual values over their estimated useful lives which is in line with the estimated useful life as specified in Schedule II to the Act except for leasehold improvements which are amortised on a straight-line basis over the period of lease or estimated period of useful life of such improvement, subject to a maximum period

of 60 months. Leasehold improvements include all expenditure incurred on the leasehold premises that have future economic benefits. The depreciation charge for each period will be recognised in the statement of profit and loss for the period.

Particulars	Useful life as prescribed in Schedule II to the Companies Act 2013	Useful life estimated by the Company
Buildings	60 years	60 years
Plant and Machinery	15 years	15 years
Plant - Windmills	22 years	22 years
Furniture and Fixtures	10 years	10 years
Vehicles	8 years	8 years
Office Equipments	5 years	10 years
Computers	3 years	6 years

The Management has considered the useful life of office equipments and computers as 10 years and 6 years respectively.

Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected from its use.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is recognised in other income / netted off from any loss on disposal in the statement of profit and loss in the year in which the asset is derecognized.

**m. Intangible Assets and Amortisation**

Intangible assets are carried at its cost less any accumulated amortisation and accumulated impairment losses, if any.

The intangible assets comprise computer software which is amortized over its estimated useful life, under straight line method. The amortisation charge is calculated by using the straight line method to write down the cost of intangible assets over their estimated useful life of 6 years as per Management's estimate.

Amortization is recognised as an expense in the statement of profit and loss for the period. The Company has a practice of reviewing the method and period of amortisation at the end of each financial year.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the intangible assets (calculated as the difference between the net disposal proceeds and the carrying amount of

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)

the asset) is recognised in other income / netted off from any loss on disposal in the statement of profit and loss in the year in which the asset is derecognized.

### n. Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation or both. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any. When significant parts of the investment property are required to be replaced at intervals, the company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

The company, based on technical assessment made by management, depreciates the building over its estimated useful life of 60 years. The management believes that these estimated useful life is realistic and reflect fair approximation of the period over which the assets are likely to be used.

Though the Company measures investment property using cost-based measurement, the fair value of investment property is disclosed in Note 10. Fair value is determined based on an annual evaluation performed by an accredited external independent valuer.

### o. Impairment of Non-Financial Assets

The Company reviews the carrying amounts of PPE, Investment Property and Intangible assets to determine, if there is an indication that those assets have suffered any impairment loss. In case of any such indication those non-financial assets are tested for impairment so as to determine the impairment loss if any, at the end of each reporting period.

### p. Segment Reporting

The Company's main business is financing by way of loans in India. All other activities are not significant and incidental to the main business. Thus in the context of Ind AS 108 - "Operating Segment" is considered to constitute single reportable segment.

### q. Employee Benefits

#### Short Term Employee Benefits

Short-term employee benefits are recognised as expense when the related service is provided. A liability for salaries and wages, Bonus, leave encashment is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### Defined Contribution Plan

#### Employees Provident Fund ("EPF") and Employees State Insurance ("ESI")

Retirement benefits such as employees provident fund and employees state insurance comes under the defined contribution plan for which the Company make contributions to such schemes administered by government organisations set up under the applicable statute and are recognised as an expense when an employee renders related service.

#### Defined Benefit Plans

#### Gratuity

The obligation in respect of defined benefit plans, which covers Gratuity is provided for on the basis of an actuarial valuation at the end of each financial year by an Independent Actuary using Projected Unit Credit method. The Company makes contribution to a Gratuity Fund administered and managed by Life Insurance Corporation of India ("LIC").

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Past services are recognised at the earlier of the plan amendment / curtailment and recognition of related restructuring costs/termination benefits.

The Company recognises the changes in the net defined benefit obligation such as service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements) under employee benefit expenses and net interest expense or income in the Statement of Profit and Loss in the line item, Employee Benefits Expenses.

Re-measurements of defined benefit plan, comprising actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to Other Comprehensive Income ("OCI") in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

The retirement benefit obligation recognised in the Balance Sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in the future contribution to the plans.



**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)**

**Other Long-Term Benefits**

**Leave Encashment, Compensated Absences and Sick Leave**

The Company provides for the encashment / availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

The service cost, interest on defined benefit liability and remeasurements of defined benefit liability is recognised in the statement of profit or loss.

**r. Revenue Recognition**

**i. Recognition of Interest Income on loans**

The Company recognises interest income using EIR on all financial assets measured at amortised cost.

EIR is the rate that exactly discounts estimated future cash flows of the financial instruments through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount. The future cash flows are estimated using the contractual terms of the instrument.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. In case of credit-impaired financial assets ("Stage 3"), the Company recognises interest income on the amortised cost net of impairment loss of the financial asset at EIR. If the financial asset is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest levied on customers for delay in repayments/ non-payment of contractual cash flows is recognised on realization, since the probability / certainty of collecting such monies is established when the customer pays.

Interest Income from Government securities is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.

**ii. Dividend Income**

Dividend income on equity shares is recognized when the Company's right to receive the payment is established by the reporting date and no significant uncertainty as to its collectability exists.

**iii. Other Operating Income**

The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a comprehensive assessment model as

set out in Ind AS 115 'Revenue from contracts with customers. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. The Company recognises income on recoveries of financial assets written off on realisation basis.

**iv. Rental Income**

Rental income arising from operating leases is recognised on a straight-line basis over the lease term. In cases where the increase is in line with expected general inflation, rental income is recognised as per the contractual terms.

Operating leases are leases where the Company does not transfer substantially all of the risks and benefits of ownership of the asset.

**v. Fees and Commission Income**

The Company recognises service and administration charges towards rendering financial services to its customers on satisfactory completion of performance obligation at a point in time. Cheque Bouncing charges levied on customers for non-payment of instalment on the contractual date is recognised on realization, since the probability/ certainty of collecting such monies is established only when the customer pays. Foreclosure charges are collected from loan customers for early payment/ closure of loan and are recognised on realization, since the probability / certainty of collecting such monies is established only when the customer pays.

**vi. Sale of Power from Windmills**

Income from power generation is recognized as per the Power Purchase Agreements entered into with State Electricity Board and on supply of power to the grid on satisfaction of performance obligation.

**vii. Net gain/loss on fair value changes**

The Company designates certain financial assets for subsequent measurement at FVTOCI. The Company recognises gains/loss on fair value change of financial assets measured at FVTOCI.

**s. Foreign Currency Transaction**

The functional currency and presentation currency of the Company is Indian Rupee. Functional currency of the Company have been determined based on the primary economic environment in which the Company and its foreign operations operate considering the currency in which funds are generated, spent and retained.

Transactions in currencies other than the Company's functional currency are recorded on initial recognition

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)**

using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are translated at the prevailing closing spot rate. Non-monetary items are measured in terms of historical cost in foreign currency and are not retranslated.

Exchange differences, if any, that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise.

**t. Borrowing Costs**

Borrowing costs include interest expense calculated using the "EIR" as per Ind AS 109 on 'Financial Instruments' and interest in respect of lease liability is recognised in accordance with Ind AS 116.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

**u. Finance costs**

Finance costs include Interest Expenses computed by applying the "EIR" on the respective financial instruments measured at amortised cost. Financial Instruments include outstanding liabilities. Finance Costs are charged to the Statement of Profit and Loss.

**v. Income Taxes**

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income)

**i. Current tax**

Current tax is the amount of tax payable to (recovered from) the taxation authorities on the taxable income for the year determined in accordance with the provisions of the Income Tax Act 1961 and Income Computation and Disclosure Standards prescribed therein. The tax rates and tax laws used to compute the amount are those that are enacted by the end of reporting date. Current tax relating to items recognised outside the statement of profit and loss is recognised in correlation to the underlying transaction either in OCI or directly in other equity.

**ii. Deferred Tax**

Deferred tax is the tax effect on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements as at the reporting date.

Deferred tax liability is recognised for all taxable temporary differences and deferred tax asset is

recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The Company reviews the carrying amount of a deferred tax asset as at the end of each reporting period and reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised.

Deferred tax relating to items recognized outside profit or loss is recognised either in other comprehensive income or in other equity.

**w. Goods and Services Input Tax Credit**

Input Tax credit is accounted for in the books in the period when the underlying service/supply received is accounted to the extent permitted as per the applicable regulatory laws and when there is no uncertainty in availing/utilising it. The ineligible input credit is charged off to the respective expense or capitalised as part of asset cost as applicable.

**x. Leases**

**As a Lessee**

The Company has applied Ind AS 116 'Leases' for all lease contracts except for short term leases and leases for which underlying asset is of low value on modified retrospective approach.

Right of Use Asset is initially measured as at the sum of initial measurement of the lease liability and any lease payments made at or before the date of commencement of lease, adjusted by any lease incentives received. On subsequent period, the Right of Use Asset is measured at cost less accumulated depreciation and any accumulated impairment losses with adjustment for remeasurement of lease liability.

Lease Liability is initially measured at the present value of the lease payments that are not paid as at the date of recognition discounted at the Company's incremental borrowing rate. The lease liability is measured in subsequent periods using the effective interest rate method. Right of Use asset is depreciated in accordance with the requirements of Ind AS 16 Property, Plant and Equipment.

The company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)**

that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

**As a Lessor**

The Company recognises the lease payments from operating lease as income on the basis of contractual terms between the Lessee and the Company.

**y. Provisions Contingent Liabilities and Contingent Assets**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

A present obligation that arises from past events, where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of

one or more uncertain future events not wholly within the control of the company.

Contingent assets are not recognised in the financial statements. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognized.

**z. Cash and Cash Equivalents**

Cash and cash equivalents in the balance sheet comprise cash on hand, cheques and drafts on hand, balance with banks in current accounts and short-term deposits with an original maturity upto three months, which are subject to an insignificant risk of change in value.

**aa. Cash Flow Statement**

Cash flow Statements are reported using the indirect method, whereby the net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The statement of cash flows from operating, investing and financing activities of the Company are segregated.

**ab. Earnings Per Share ("EPS")**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for shares issued during the year.

For the purpose of calculating diluted EPS, profit after tax for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

(₹ Lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
<b>3. CASH AND CASH EQUIVALENTS</b>		
Cash on hand	189.80	270.41
Balance with Banks in Current Accounts	2,706.41	1,130.39
Cheques, drafts on hand	106.58	48.71
<b>Total</b>	<b>3,002.79</b>	<b>1,449.51</b>
<b>4. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS</b>		
Earmarked Balances with Banks :		
- Unpaid Dividend Accounts*	42.91	46.52
Term Deposits with Banks :		
- Free	-	900.00
- Under Lien #	-	182.79
<b>Total</b>	<b>42.91</b>	<b>1,129.31</b>

# Details of Term Deposits under lien

Particulars	As at 31st March 2023		As at 31st March 2022	
	Bank Balances other than Cash and Cash equivalents (Note 4)	Other Financial assets (Note 8)	Bank Balances other than Cash and Cash equivalents (Note 4)	Other Financial assets (Note 8)
For Statutory Liquid Assets**	-	-	182.79	9.20
<b>Total</b>	<b>-</b>	<b>-</b>	<b>182.79</b>	<b>9.20</b>

\* In accordance with the Reserve Bank of India Directions, the Company has created a floating charge on Statutory Liquid Assets (Bank Deposits and interest accrued thereon) in favour of IDBI Trusteeship Services Ltd, Trustees representing the Public deposit holders of the Company.

\*\* Includes minimum bank balance

**5. RECEIVABLES**

(i) Trade Receivables

Unsecured - Considered good

- Unsecured - Considered good

- Unsecured - Credit Impaired

Less: Impairment Loss Allowance (Refer Note 2(g)(v))

**Total**

101.83 97.37

175.53 116.35

(51.15) (44.47)

**226.21 169.25**

(ii) Other Receivables

Unsecured - Considered good

Rent Receivables

**Total**

18.39 16.56

**18.39 16.56**

There is no amount due from any directors or other officers of the company or any firm or Private Limited Company in which any Director is a partner, a Director or a member.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)**

**Trade Receivables Ageing Schedule as at 31st March 2023**

(₹ Lakhs)

Particulars	Unbilled Revenue	Outstanding for following periods from due date of payment/where no due date is specified from the date of the transaction					
		Less than 6 Months	6 months - 1 Year	1-2 Years	2-3 years	More than 3 years	Total
Undisputed Trade receivables – considered good	-	25.24	76.59	-	-	-	101.83
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	91.47	83.57	0.49	175.53
Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Less : Impairment Allowance	-	(5.67)	(20.30)	(16.98)	(8.15)	(0.05)	(51.15)

**Trade Receivables Ageing Schedule as at 31st March 2022**

(₹ Lakhs)

Particulars	Unbilled Revenue	Outstanding for following periods from due date of payment/where no due date is specified from the date of the transaction					
		Less than 6 Months	6 months - 1 Year	1-2 Years	2-3 years	More than 3 years	Total
Undisputed Trade receivables – considered good	-	23.48	73.89	-	-	-	97.37
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	100.81	15.54	-	116.35
Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Less : Impairment Allowance	-	(4.66)	(19.59)	(18.71)	(1.51)	-	(44.47)

(₹ Lakhs)

Particulars	31st March 2023	31st March 2022
Impairment Loss Allowance - Opening	44.47	49.16
Add: Additions during the year	25.98	22.58
(Less): Reductions during the year	(19.30)	(27.27)
Impairment Loss Allowance - Closing	51.15	44.47

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

Particulars	(₹ Lakhs)	
	As at 31st March 2023	As at 31st March 2022
<b>6. LOANS</b>		
<b>(A) Loans (at amortised cost) *</b>		
Hire Purchase Loans#	1,18,495.88	1,14,406.27
Loans Repayable on Demand	897.82	105.56
Other Loans ##	298.54	310.64
<b>Total (Gross)</b>	<b>1,19,692.24</b>	<b>1,14,822.47</b>
Less: Impairment Loss Allowance (Refer Note 45)	<b>(5,192.14)</b>	<b>(4,511.27)</b>
<b>Total (Net)</b>	<b>1,14,500.10</b>	<b>1,10,311.20</b>
<b>(B) (i) Secured by Tangible Assets Financed</b>	<b>1,18,495.88</b>	<b>1,14,406.27</b>
(ii) Secured by Intangible Assets	-	-
(iii) Covered by Bank / Govt. Securities	-	-
(iv) Unsecured	1,196.36	416.20
<b>Total (Gross)</b>	<b>1,19,692.24</b>	<b>1,14,822.47</b>
Less: Impairment Loss Allowance (Refer Note 45)	<b>(5,192.14)</b>	<b>(4,511.27)</b>
<b>Total (Net)</b>	<b>1,14,500.10</b>	<b>1,10,311.20</b>
<b>(C) (i) Loans in India</b>		
(a) Public Sector		
(b) Others	1,19,692.24	1,14,822.47
<b>Total (Gross)</b>	<b>1,19,692.24</b>	<b>1,14,822.47</b>
Less: Impairment Loss Allowance (Refer Note 45)	<b>(5,192.14)</b>	<b>(4,511.27)</b>
<b>Total (Net) - C (i)</b>	<b>1,14,500.10</b>	<b>1,10,311.20</b>
(ii) Loans Outside in India	-	-
Less: Impairment Loss Allowance	-	-
<b>Total (Net) - C (ii)</b>	<b>-</b>	<b>-</b>
<b>Total (Net) - C (i+ ii)</b>	<b>1,14,500.10</b>	<b>1,10,311.20</b>

\* There are no loan assets measured or designated at FVTOCI or FVTPL

# Includes Repossessed Assets (Refer Note 2(h)) and Related Party Transactions (Refer Note 43)

## Represents Staff Loans

Refer Note 45 on Financial Risk Management Framework for an overview of Stagewise Classification of Gross Carrying Amount and Expected Credit Loss of Loan Assets.



**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

(₹ Lakhs)

Particulars			As at 31st March 2023	As at 31st March 2022
<b>7. INVESTMENTS</b>				
<b>At Amortised Cost</b>				
<b>Investments in Government Securities</b>	Number	Face Value per unit (₹)		
<b>Quoted</b>				
Bonds of Central and State Governments #	11,93,000	100	1,194.69	2,374.44
<b>Total (A)</b>			<u>1,194.69</u>	<u>2,374.44</u>
<b>At Fair value through Other Comprehensive Income</b>				
<b>Quoted</b>				
<b>Investments in Equity Instruments (Refer Note 2(g)(ii))</b>				
Sakthi Sugars Limited	5,52,833	10	111.45	75.07
Chokhani International Limited	100	10	0.02	0.02
<b>Total (B)</b>			<u>111.47</u>	<u>75.09</u>
<b>Unquoted</b>				
<b>Investments in Equity Instruments</b>				
ABT Industries Limited	1,50,000	10	15.00	15.00
ABT Foods Agrovet Limited (Formerly Sakthi Beverages Ltd)	1,25,000	10	12.50	12.50
Sri Bhagavathi Textiles Limited	5	100	0.04	0.04
Sri Chamundeswari Sugars Limited	1,86,666	10	7.82	7.82
ABT Co-operative Stores Limited	500	10	0.05	0.05
Stiles India Limited	100	10	-	-
Sakthi Soft Drinks Pvt Limited	30,000	10	3.00	3.00
<b>Total (C)</b>			<u>38.41</u>	<u>38.41</u>
<b>Total (Gross) - (A+B+C)</b>			<u>1,344.57</u>	<u>2,487.94</u>
<b>(i) Investments Outside India</b>			-	-
<b>(ii) Investments In India</b>			<u>1,344.57</u>	<u>2,487.94</u>
<b>Total</b>			<u>1,344.57</u>	<u>2,487.94</u>
<b>Less: Impairment Loss Allowance</b>			0.06	0.06
<b>Total (Net)</b>			<u>1,344.51</u>	<u>2,487.88</u>
<p># In accordance with Master Direction - Non Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions 2016 dated 25th August 2016 (as amended), the Company has created a floating charge on the statutory liquid assets comprising investment in Government securities on the above investments in favour of (DBI) Trusteeship Services Ltd, trustee representing the Public Deposit holders of the company.</p>				
<b>8. OTHER FINANCIAL ASSETS</b>				
- Interest accrued on Government Securities			22.82	52.71
- Interest accrued on Term Deposits				
- Free			-	4.84
- Under Lien (Refer Note 4)			-	9.20
- Security Deposits			235.10	260.20
- Other Loans and Advances			1,022.85	1,370.36
- Advance to Employees			7.78	15.60
<b>Total</b>			<u>1,288.55</u>	<u>1,712.91</u>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

(₹ Lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
<b>9. DEFERRED TAX ASSETS (net)*</b>		
a. Application of Expected Credit Loss on Financial Assets	1,109.27	982.42
b. Employee benefit expenses	34.10	30.87
c. Right of Use Assets and Lease Liabilities	5.73	7.84
d. Application of EIR on Financial Liabilities	(50.03)	(64.83)
e. Differences in carrying amount of Property, Plant and Equipment	(703.77)	(738.36)
<b>Total</b>	<b>395.30</b>	<b>217.94</b>

\* Refer Note 41

**10. a) INVESTMENT PROPERTY\***

Particulars	Land	Building	Total
Carrying Amount as at 1st April 2021	66.87	226.74	293.61
Additions	-	-	-
Disposals	-	-	-
Carrying Amount as at 31st March 2022	66.87	226.74	293.61
Additions	-	-	-
Disposals	-	-	-
Carrying Amount as at 31st March 2023	66.87	226.74	293.61
Accumulated depreciation / amortisation and impairment			
Balance as at 1st April 2021	-	13.80	13.80
Depreciation for the year	-	4.60	4.60
Depreciation on disposals	-	-	-
Balance as at 31st March 2022	-	18.40	18.40
Depreciation for the year	-	4.60	4.60
Depreciation on disposals	-	-	-
Balance as at 31st March 2023	-	23.00	23.00
Net Carrying amount			
As at 31st March 2022	66.87	208.34	275.21
As at 31st March 2023	66.87	203.74	270.61
Useful Life of the Asset (In Years)	-	60	-

\*Refer Note 2(n)

**10. b) Rental Income with respective expenses**

Particulars	Year ended 31st March 2023	Year ended 31st March 2022
Rental Income - Building	-	2.32
Direct operating expenses	1.35	0.42

**10. c) Fair Value of Investment Property with assumptions applied in determining the fair value of investment property**

Particulars	Valuation technique	Significant unobservable inputs	Range (Weighted avg)	Sensitivity of the input to fair value	Fair value ₹ lakhs	Sensitivity ₹ lakhs
<b>Sensitivity analysis</b>						
Investment Property As at 31st March 2023	Professional valuer	Price per Square Feet	₹ 2,500 - 5,000 per Square Feet	5%	370	19
Investment Property As at 31st March 2022	Professional valuer	Price per Square Feet	₹ 2,500 - 5,000 per Square Feet	5%	370	19

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)**

**11 (a) Property, Plant and Equipment - Tangible Assets\***

(₹ Lakhs)

Particulars	Land - Freehold	Buildings	Plant and Machinery	Plant - Wind Mills	Furniture and Fixtures	Vehicles	Office Equipments	Total Tangible Assets
Carrying Amount as at 1st April 2021	2,764.91	1,712.89	94.21	1,615.39	337.20	97.16	210.93	6,832.69
Additions	1.56	-	4.20	-	22.79	-	38.03	66.58
Disposals	-	-	0.23	-	-	-	-	0.23
Carrying Amount as at 31st March 2022	2,766.47	1,712.89	98.18	1,615.39	359.99	97.16	248.96	6,899.04
Additions	-	17.28	27.54	-	22.31	-	86.53	153.66
Disposals	-	1.29	6.88	-	3.39	0.47	3.28	15.31
Carrying Amount as at 31st March 2023	2,766.47	1,728.88	118.84	1,615.39	378.91	96.69	332.21	7,037.39
Accumulated depreciation / amortisation and impairment								
Balance as at 1st April 2021	-	162.00	22.45	313.71	99.88	39.56	72.80	710.40
Depreciation for the year	-	49.32	8.01	104.57	36.52	12.71	30.96	242.09
Depreciation on disposals	-	-	0.08	-	-	-	-	0.08
Balance as at 31st March 2022	-	211.32	30.38	418.28	136.40	52.27	103.76	952.41
Depreciation for the year	-	47.99	8.39	104.57	37.87	11.36	39.02	249.20
Depreciation on disposals	-	0.09	4.18	-	1.97	0.17	2.39	8.80
Balance as at 31st March 2023	-	259.22	34.59	522.85	172.30	63.46	140.39	1,192.81
Net Carrying amount								
As at 31st March 2022	2,766.47	1,501.57	67.80	1,197.11	223.59	44.89	145.20	5,946.63
As at 31st March 2023	2,766.47	1,469.66	84.25	1,092.54	206.61	33.23	191.82	5,844.58
Useful Life of the Asset (In Years)	-	60	15	22	10	8	10	

\*Refer Note 2(i) & 36(a)

The Company has not revalued any of its Property, Plant and Equipment during the year ended March 31, 2023 and year ended March 31, 2022. The amount of change in gross and net carrying amount due to impairment losses/reversals is nil.

Freehold land is not depreciated

**Carrying Value of Assets Pledged Against borrowings / Debt Securities as at 31st March 2023 (Refer Note 14 & 15)**

(₹ Lakhs)

Particulars	Land - Freehold	Buildings	Plant and Machinery	Plant - Wind Mills	Furniture and Fixtures	Vehicles	Office Equipments	Total Tangible Assets
As at 31st March 2023	173.80	1,317.74	-	-	-	-	-	1,491.54
As at 31st March 2022	173.80	1,347.64	-	-	-	-	-	1,521.44

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

**Capital Work in Progress (CWIP) ageing schedule  
As at 31st March 2023**

(₹ Lakhs)

Capital Work-in-progress	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

Note: There were no Capital Work In Progress, whose completion is overdue or has exceeded its cost compared to its original plan  
As at 31st March 2022

Capital Work-in-progress	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

Note: There were no Capital Work in Progress, whose completion is overdue or has exceeded its cost compared to its original plan

**11 (b) Right of use Assets\***

(₹ Lakhs)

Particulars	Amount
Carrying Amount as at 1st April 2021	1,484.56
Additions	240.82
Disposals	-
Carrying Amount as at 31st March 2022	1,725.38
Additions	220.17
Disposals	-
Carrying Amount as at 31st March 2023	1,945.55
Accumulated depreciation / amortisation and impairment	
Balance as at 1st April 2021	414.06
Depreciation for the year	217.72
Depreciation on Disposals	-
Balance as at 31st March 2022	631.78
Depreciation for the year	254.65
Depreciation on Disposals	-
Balance as at 31st March 2023	886.43
Net Carrying amount	
As at 31st March 2022	1,093.60
As at 31st March 2023	1,059.12
Useful Life of the Asset (In Years)	3

\*Refer Note 2(x) & Refer Note 48

The above note provides information for leases where the Company is a lessee.

The Company has not revalued any of its Right of Use Assets during the year ended March 31, 2023 and year ended March 31, 2022. The amount of change in gross and net carrying amount due to impairment losses/reversals is nil.

**11 (c) Intangible Assets under development\***

(₹ Lakhs)

Particulars	Amount
Carrying Amount as at 1st April 2021	86.27
Additions	10.99
Disposals	97.26
Carrying Amount as at 31st March 2022	-
Additions	-
Disposals	-
Carrying Amount as at 31st March 2023	-
As at 31st March 2022	-
As at 31st March 2023	-

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

**Intangible Assets under Development ageing schedule**

As at 31st March 2023

(₹ Lakhs)

Intangible Assets under Development	Amount in Intangible Asset under Development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

Note: There were no Intangible Assets under Development, whose completion is overdue or has exceeded its cost compared to its original plan

As at 31st March 2022

Intangible Assets under Development	Amount in Intangible Asset under Development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

\*Refer Note 2(m)

**11 (d) Other Intangible Assets - Computer Software\***

(₹ Lakhs)

Particulars	Amount
Carrying Amount as at 1st April 2021	278.86
Additions	103.56
Disposals	-
Carrying Amount as at 31st March 2022	382.42
Additions	15.60
Disposals	-
Carrying Amount as at 31st March 2023	398.02
Accumulated depreciation / amortisation and impairment	
Balance as at 1st April 2021	176.29
Depreciation for the year	26.67
Depreciation on disposals	-
Balance as at 31st March 2022	202.96
Depreciation for the year	38.48
Depreciation on disposals	-
Balance as at 31st March 2023	241.44
Net Carrying amount	
As at 31st March 2022	179.46
As at 31st March 2023	156.58
Useful Life of the Asset (In Years)	6

\*Refer Note 2(m)

The Company has not revalued any of its Intangible Assets during the year ended March 31, 2023 and year ended March 31, 2022. The amount of change in gross and net carrying amount due to impairment losses/reversals is nil.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

(₹ Lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
<b>12. OTHER NON-FINANCIAL ASSETS</b>		
<b>Considered good-Unsecured</b>		
- Advance for Property, Plant and Equipment	1,500.00	1,500.00
- Prepaid Expenses	62.65	124.34
- GST Input Tax Credit	289.33	289.17
- NCD Public Issue Expenses	21.87	12.78
- Others	1.34	9.85
<b>Total</b>	<b>1,875.19</b>	<b>1,936.14</b>

Refer Note 43 on Disclosure pursuant to Ind AS "24" - Related Party Disclosures for Loans and Advances given and outstanding dues from related parties

**LIABILITIES AND EQUITY**

**13. PAYABLES**

**(I) Trade Payables**

(i) Total outstanding dues of micro enterprises and small enterprises	-	0.28
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	156.15	127.76

**(II) Other Payables**

(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	193.26	175.13
<b>Total</b>	<b>349.41</b>	<b>303.17</b>

**Micro, Small and Medium Enterprises:**

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") the total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period and other disclosures as per MSMED Act are given below:

a) Dues remaining unpaid to any supplier at the year end		
- Principal	-	0.28
- Interest on the above	-	-
b) Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		
- Principal paid beyond the appointed date	-	-
- Interest paid in terms of Section 16 of the MSMED Act	-	-
c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	-	-
d) Amount of interest accrued and remaining unpaid	-	-
e) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	-	-
<b>Total</b>	<b>-</b>	<b>0.28</b>



**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

**Trade Payables Ageing Schedule as at 31st March 2023**

(₹ Lakhs)

Particulars	Outstanding for following periods from due date of payment/where no due date is specified from the date of the transaction					
	Unbilled Revenue	Less than - 1 year	1-2 Years	2-3 years	More than 3 years	Total
MSME	-	-	-	-	-	-
Others	-	349.41	-	-	-	349.41
Disputed Dues - MSME	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-

**Trade Payables Ageing Schedule as at 31st March 2022**

Particulars	Outstanding for following periods from due date of payment/where no due date is specified from the date of the transaction					
	Unbilled Revenue	Less than - 1 year	1-2 Years	2-3 years	More than 3 years	Total
MSME	-	0.28	-	-	-	0.28
Others	-	302.89	-	-	-	302.89
Disputed Dues - MSME	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-

Particulars	As at 31st March 2023	As at 31st March 2022
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**14. DEBT SECURITIES**

**At Amortised Cost**

Redeemable, Non-Convertible Debentures - Secured

48,792.43

41,560.04

Total

48,792.43

41,560.04

Debt Securities in India

48,792.43

41,560.04

Debt Securities outside India

-

-

Total

48,792.43

41,560.04

**Note:**

- There are no debt securities measured at FVTOCI or designated at FVTPL.
- The Non-Convertible Debentures are secured by immovable properties and Loan receivables of the Company having carrying value of ₹ 53,357.41 lakhs (31st March 2022: ₹ 45,051.25 Lakhs).
- For Debt securities subscribed and held by the related parties, Refer Note 43

**Details of Redeemable, Non-Convertible Debentures - Secured:**

Particulars	As at 31st March 2023	As at 31st March 2022
<b>A. Issued on private placement basis - Face Value of Rs 1,000/-</b>		
- Repayable on maturity:		
Interest Range 8.75% to 10%		
Maturing within 1 year	4,935.30	3,920.00
Maturing between 1 to 2 years	3,426.50	3,938.30
Maturing between 2 to 3 years	2,147.00	2,454.50
Maturing between 3 to 4 years	175.00	-
Maturing between 4 to 5 years	1,309.00	-
Sub-Total (A)	11,992.80	10,312.80
Add : Interest accrued but not due	472.26	454.95
Less: unamortized charges	60.71	44.46
<b>(A) Total Amortized Cost</b>	<b>12,404.35</b>	<b>10,723.29</b>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

(₹ Lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
<b>B) Public Issue - Face value of ₹1,000/-</b>		
- Repayable on maturity:		
Interest Range 9% to 10%		
Maturing within 1 year	11,652.10	5,324.98
Maturing between 1 years to 2 years	8,591.88	11,652.10
Maturing between 2 years to 3 years	6,766.39	6,530.39
Maturing between 3 years to 4 years	353.94	5,673.13
Maturing between 4 years to 5 years	6,491.31	-
<b>Sub-Total (B)</b>	<b>33,855.62</b>	<b>29,180.60</b>
<b>Add : Interest accrued but not due</b>	<b>2,923.43</b>	<b>1,999.49</b>
<b>Less: unamortized charges</b>	<b>390.97</b>	<b>343.34</b>
<b>(B)Total Amortized Cost</b>	<b>36,388.08</b>	<b>30,836.75</b>
<b>TOTAL (A)+(B)</b>	<b>48,792.43</b>	<b>41,560.04</b>
<b>Total Amortized Cost (A + B)</b>	<b>48,792.43</b>	<b>41,560.04</b>

**15. BORROWINGS (OTHER THAN DEBT SECURITIES )\***

**At amortized cost**

**Term Loans -Secured**

- From Banks

2,408.38 3,810.72

- From Other Lenders

287.79 1,240.84

**Loan Repayable on Demand**

- Cash Credit Facilities and Working Capital Demand Loan from Banks (Secured)

11,957.91 10,514.13

**Total**

14,654.08 15,565.69

**Borrowings in India**

14,654.08 15,565.69

**Borrowings outside India**

- -

**Total**

14,654.08 15,565.69

There are no borrowings measured at FVTOCI or designated at FVTPL

\*Refer Note 36 (e) & 36 (f).

**a) Term loans from Banks are secured as under :**

**i) State Bank of India**

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Mora-torium period	Security details	Amount outstanding as on 31st March 2023	Amount outstanding as on 31 March 2022
			Commence-ment date	End date				
1	5,000.00	11.00%	30.09.2020	30.06.2025		Hypothecation of specified Hire Purchase receivables and personal guarantee by a director	2,333.95	3,365.80
2	600.00	7.25%	30.11.2020	30.04.2022			-	22.00
Add : Interest accrued but not due							-	-
Less: unamortized charges							29.92	43.22
<b>Total Amortized Cost</b>							<b>2,304.03</b>	<b>3,344.58</b>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)**

**ii) IndusInd Bank Ltd**

(₹ Lakhs)

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period in months	Security details	Amount outstanding as on 31st March 2023	Amount outstanding as on 31 March 2022
			Commencement date	End date				
1	650.00	12.00%	04.03.2020	04.06.2023	3	Hypothecation of specified Hire Purchase receivables	68.62	303.81
2	350.00	12.00%	04.03.2020	04.06.2023	3		34.81	161.69
Add : Interest accrued but not due							0.92	4.13
Less: unamortized charges							-	3.49
<b>Total Amortized Cost</b>							<b>104.35</b>	<b>466.14</b>

**b) Term loans from other Lenders are secured as under:**

**i) Shriram Transport Finance Company Ltd**

(₹ Lakhs)

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period in months	Security details	Amount outstanding as on 31st March 2023	Amount outstanding as on 31 March 2022
			Commencement date	End date				
1	2,000.00	13.00%	05.09.2019	05.08.2023	-	Hypothecation of specified Hire Purchase receivables and a personal guarantee by a director	252.42	826.37
2	1,000.00	13.00%	05.05.2020	05.04.2023	-		33.46	408.04
Add : Interest accrued but not due							2.74	11.43
Less: unamortized charges							0.83	5.00
<b>Total Amortized Cost</b>							<b>287.79</b>	<b>1,240.84</b>

**c) Loans repayable on demand - Cash credit facilities with banks (secured)**

(₹ Lakhs)

Particulars	As at 31st March 2023		As at 31st March 2022	
	Interest Rate Range	Amount outstanding	Interest Rate Range	Amount outstanding
Maturing within 1 Year	9.65 % to 12.85%	11,965.61	9.65 % to 12.25%	10,516.14
Add : Interest accrued but not due		34.69		25.77
Less: unamortized charges		42.39		27.78
<b>Total Amortized Cost</b>		<b>11,957.91</b>		<b>10,514.13</b>

The cash credit facilities and Working Capital Demand Loan from Banks are secured by hypothecation of specified hire purchase receivables and a personal guarantee by Director(s). The company has also extended collateral security of Company's Building and land belonging to a Director..

**d) There is no default in repayment of loans and interest thereon.**

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

(₹ Lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
<b>16. DEPOSITS (UNSECURED)</b>		
At amortized cost		
Public Deposits	2,444.17	8,540.60
<b>Total</b>	<u>2,444.17</u>	<u>8,540.60</u>

There are no Deposits measured at FVTOCI or designated at FVTPL

**Details of Deposits - Unsecured :**

Particulars	As at 31st March 2023	As at 31st March 2022
- Repayable on maturity:		
Interest Range 8.25% to 9%		
Maturing within 1 year	2,168.62	5,544.55
Maturing between 1 to 2 years	-	2,217.84
<b>Sub-Total</b>	<u>2,168.62</u>	<u>7,762.39</u>
<b>Add : Interest accrued but not due</b>	<u>279.18</u>	<u>799.48</u>
<b>Less: unamortized charges</b>	<u>3.63</u>	<u>21.27</u>
<b>Total Amortized Cost</b>	<u>2,444.17</u>	<u>8,540.60</u>

For Deposits repaid to related parties, Refer Note 43

**17. SUB-ORDINATED LIABILITIES (UNSECURED)**

At amortized cost		
Redeemable, Non-Convertible Debentures - Unsecured	12,281.44	11,640.38
Redeemable Cumulative Preference Shares ("RCPS")	1,495.30	1,490.29
Sub-Ordinated Liabilities	<u>27,735.66</u>	<u>26,400.10</u>
<b>Total</b>	<u>41,512.40</u>	<u>39,530.77</u>
Sub-Ordinated Liabilities in India	41,512.40	39,530.77
Sub-Ordinated Liabilities outside India	-	-
<b>Total</b>	<u>41,512.40</u>	<u>39,530.77</u>

There are no Sub-ordinated liabilities measured at FVTOCI or designated at FVTPL

**Terms/rights attached to RCPS**

The RCPS do not have voting rights other than matters which directly affect them. In the event of dividend payable remains unpaid for aggregate period of at least two years prior to the start of any general meeting of the equity shareholders, RCPS holders shall have voting rights in line with their voting rights of the equity shareholders. The RCPS will be redeemed at the end of three years from the date of allotment and the payment of dividend would be in accordance with the terms agreed at the time of issuance of RCPS.

On winding up or repayment of capital, RCPS holders enjoy preferential rights vis a vis equity shareholders, for repayment of capital paid-up and shall include any unpaid dividends.

For the year ended 31st March 2023, the Company declared and paid an interim dividend of ₹ 123.75 lakhs after deduction of TDS of ₹ 5.09 lakhs on RCPS of ₹ 100 each fully paid (31st March 2022 : ₹ 134.06 lakhs)

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)**

**Details of Sub-Ordinated Liabilities - Unsecured :**

(₹ Lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
<b>A) Redeemable Non-Convertible Debentures - Unsecured :</b>		
Issued on Public Issue		
Repayable on maturity:		
Interest Range 10% to 11%		
Maturing between 1 years to 2 years	4,374.80	-
Maturing between 2 years to 3 years	1,603.70	4,374.80
Maturing between 3 years to 4 years	4,759.47	1,603.70
Maturing between 4 years to 5 years	-	4,759.47
<b>Sub-Total (A)</b>	<b>10,737.97</b>	<b>10,737.97</b>
<b>B) Preference Shares</b>		
Repayable on maturity:		
8.25% Redeemable Preference Shares		
Maturing within 1 year	1,169.00	-
Maturing between 2 years to 3 years	331.00	1,500.00
<b>Sub-Total (B)</b>	<b>1,500.00</b>	<b>1,500.00</b>
<b>C) Sub-Ordinated Debts</b>		
- Repayable on maturity:		
Interest Range 10% to 11%		
Maturing within 1 year	9,914.40	-
Maturing between 1 to 2 years	12,221.80	9,914.40
Maturing between 2 to 3 years	1,244.40	12,221.80
Maturing between 3 to 4 years	-	1,244.40
<b>Sub-Total (C)</b>	<b>23,380.60</b>	<b>23,380.60</b>
<b>Sub-Total (A+B+C)</b>	<b>35,618.57</b>	<b>35,618.57</b>
<b>Add : Interest accrued but not due</b>		
A) Redeemable Non-Convertible Debentures - Unsecured	1,637.06	1,027.31
B) Preference Shares	-	-
C) Sub-Ordinated Debts	4,411.64	3,122.15
<b>Less: Unamortized charges</b>		
A) Redeemable Non-Convertible Debentures - Unsecured	93.59	124.89
A) Preference Shares	4.70	9.71
B) Sub-Ordinated Debts	56.58	102.66
<b>Total amortized cost</b>	<b>41,512.40</b>	<b>39,530.77</b>

In respect of Sub-Ordinated Liabilities held by related parties, Refer Note 43

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

Particulars	(₹ Lakhs)	
	As at 31st March 2023	As at 31st March 2022
<b>18. OTHER FINANCIAL LIABILITIES</b>		
Investor Education and Protection Fund shall be credited by the following amounts (as and when due)		
- Unclaimed dividends	42.80	46.42
- Unclaimed matured deposits and Interest accrued thereon	258.78	251.20
- Unclaimed matured Sub-Ordinated Debts and Interest accrued thereon	21.78	25.41
- Unclaimed matured debentures and Interest accrued thereon	38.73	180.40
- Unclaimed Redeemable Cumulative Preference Shares	13.00	13.00
Advances from Customers	487.73	450.33
Security Deposits	149.22	73.21
Lease Liabilities - Refer Note No 48	372.92	386.17
<b>Total</b>	<b>1,384.96</b>	<b>1,426.14</b>
Note : Equity Dividend pertaining to the financial year 2011 and 2012 for an amount of ₹ 500 have not been transferred into Investor Education and Protection Fund, due to pending legal proceedings.		
<b>19. PROVISIONS</b>		
Provision for Employee Benefits		
Provision for bonus	67.41	53.00
Provision for gratuity (net) (Refer Note 42)	8.84	8.69
Provision for leave encashment (Refer Note 42)	59.24	60.96
<b>Total</b>	<b>135.49</b>	<b>122.65</b>
<b>20. OTHER NON-FINANCIAL LIABILITIES</b>		
Tax Deducted at source	97.78	99.55
<b>Total</b>	<b>97.78</b>	<b>99.55</b>
<b>21. SHARE CAPITAL</b>		
Authorised Share Capital		
10,00,00,000 Equity shares of ₹ 10 each (FY 2022 : 10,00,00,000 Equity Shares of ₹ 10 each)	10,000.00	10,000.00
30,00,000 Redeemable Cumulative Preference Shares of ₹ 100 each (FY 2022 : 30,00,000 Redeemable Cumulative Preference Shares of ₹ 100 each)	3,000.00	3,000.00
	<b>13,000.00</b>	<b>13,000.00</b>
Issued, Subscribed and Paid up Share capital		
6,47,05,882 Equity shares of ₹ 10 each fully paid up (FY 2022 : 6,47,05,882 Equity Shares of ₹ 10 each)	6,470.59	6,470.59
	<b>6,470.59</b>	<b>6,470.59</b>

**Shares held by promoters as at 31st March 2023 :**

Promoter Name	No of Shares	% of Total Shares	% change during the Year
Dr M Manickam, Chairman	92,813	0.14%	-
Sri M Balasubramaniam, Vice Chairman and Managing Director	1,92,000	0.30%	-

**Shares held by promoters as at 31st March 2022 :**

Promoter Name	No of Shares	% of Total Shares	% change during the Year
Dr M Manickam, Chairman	92,813	0.14%	-
Sri M Balasubramaniam, Vice Chairman and Managing Director	1,92,000	0.30%	-

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

**a) Reconciliation of shares outstanding at the beginning and end of the year** (₹ Lakhs)

Particulars	As at 31st March 2023		As at 31st March 2022	
	No. of Shares	Amount	No. of Shares	Amount
<b>Equity Shares with Voting Rights</b>				
Number of Shares at the beginning of the year	6,47,05,882	6,470.59	6,47,05,882	6,470.59
Add: Allotment of Equity Share on preferential basis made during the year	-	-	-	-
Number of Shares at the end of the year	6,47,05,882	6,470.59	6,47,05,882	6,470.59

Aggregate number of equity shares issued for consideration other than cash / Bonus shares issued during the year : Nil  
Aggregate number of equity shares bought back by the Company during the year : Nil

**b) Details of shareholders holding more than 5% shares in the share capital of the company**

Particulars	As at 31st March 2023		As at 31st March 2022	
	% of Holding	No. of Shares	% of Holding	No. of Shares
<b>Equity Shares with Voting Rights</b>				
Sakthifinance Financial Services Limited	19.19	1,24,20,000	19.19	1,24,20,000
ABT Investments (India) Private Limited	13.49	87,27,400	13.49	87,27,400
Sakthi Financial Services (Cochin) Private Limited	11.06	71,57,128	11.06	71,57,128
Avdhoot Finance and Investment Private Limited	8.69	56,24,208	8.69	56,24,208
Sakthi Management Services (Coimbatore) Limited	6.70	43,35,434	6.70	43,35,434
Bridgewater Investment Corporation Limited	6.88	44,50,000	6.88	44,50,000
The Gounder and Company Auto Limited	6.07	39,25,000	6.07	39,25,000
ABT Finance Limited	5.15	33,31,162	5.15	33,31,162

**c) Terms/ rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend is subject to the approval of the shareholders at the ensuing annual general meeting and the dividend amount has not been recognised as a liability in Financial Statements. The Board of Directors have, at their meeting held on 26th May 2023, recommended for consideration a dividend of 7 per cent, ₹ 0.70 per share (Dividend for 31st March 2022 : ₹ 0.60 per share) on equity shares. The Company declares and pays dividend in Indian rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

The proposed dividend for the Financial Year 2022-23 adheres to the ceiling limits on dividend payout ratios for NBFCs, as prescribed by the Reserve Bank of India in Notification RBI/2021-22/59 DOR.ACC.REC.No.23/21.02.067/2021-22 dated 24th June 2021.

**Details of Dividends proposed** (₹ Lakhs)

Particulars	31st March 2023	31st March 2022
Face Value per share (₹)	10.00	10.00
Dividend Percentage	7%	6%
Dividend per Share (₹)	0.70	0.60
Dividend on equity shares	452.94	388.24
Total Dividend	452.94	388.24

Note : The dividends proposed for the financial year 31st March 2023 will be paid to share holders on approval of the members of the company at the ensuing Annual General Meeting.



**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

(₹ Lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
<b>22. OTHER EQUITY</b>		
<b>Reserves and Surplus</b>		
<b>Capital Reserve</b>		
Balance as at the Opening and Closing of the year	52.61	52.61
<b>Securities Premium</b>		
Balance as at the Opening and Closing of the year	1,429.80	1,429.80
<b>General Reserve</b>		
Balance as at the Opening and Closing of the year	4,436.00	4,436.00
<b>Statutory Reserve as per Section 45-IC of the RBI Act 1934</b>		
Opening Balance	3,543.05	3,352.67
Add : Transfer from Retained Earnings	249.87	190.38
Closing balance	3,792.92	3,543.05
<b>Retained Earnings</b>		
Opening Balance	3,852.17	3,478.91
Add : Profit after tax for the year	1,249.37	951.88
	5,101.54	4,430.79
<b>Less: Appropriations</b>		
Equity Dividend (₹ 0.60 per share)	388.24	388.24
Transfer to Statutory Reserve	249.87	190.38
Closing Surplus	4,463.43	3,852.17
<b>Item of Other Comprehensive Income ("OCI")</b>		
<b>(i) Fair value changes in Equity Instruments</b>		
Opening Balance	(14.20)	(36.98)
Add : Income/(Expenses) for the year	27.22	22.78
Closing Balance	13.02	(14.20)
<b>(ii) Actuarial changes in Defined benefit obligations</b>		
Opening Balance	24.37	13.93
Add : Income/(Expenses) for the year	4.53	10.44
Closing Balance	28.90	24.37
Closing Balance (i) + (ii)	41.92	10.17
<b>Total</b>	<b>14,216.68</b>	<b>13,323.80</b>

**Nature and purpose of reserves**

**Capital reserve:** Capital reserve is the excess amount received on re-issue of forfeited equity shares in an earlier year.

**Securities Premium:** The amount received in excess of face value of the equity shares is recognised as Securities premium. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act 2013.

**General reserve:** Under the Companies Act, 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act, 2013 ("the Act"), the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of the Act.

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

### **Debenture redemption reserve:**

Consequent to the amendment to the Companies (Share Capital and Debentures) Rules, the requirement to create Debenture Redemption Reserve ("DRR") is no longer required for listed NBFCs registered with Reserve Bank of India under Section 45-IA of the RBI Act 1934, for the value of outstanding both public issue of debentures and privately placed debentures.

The Company is required to deposit or invest, before 30th day of April of each year as the case may be, a sum which shall not be less than 15% of the amount of its debenture issued through public issue maturing within one year from the Balance sheet date. Accordingly the Company, subsequent to the year end has invested a sum of ₹ 1,748 lakhs (Previous Year ₹ 900 lakhs) in the form of fixed deposits with scheduled banks, representing 15% of the debenture issued through public issue, which are due for redemption within one year from the balance sheet date.

**Statutory reserve:** Every year the Company transfers a sum of not less than twenty per cent of net profit after tax of that year as disclosed in the statement of profit and loss to its Statutory Reserve as per Section 45-IC of The Reserve Bank of India Act 1934.

**The conditions and restrictions for distribution attached to statutory reserves as specified in Section 45-IC(1) in The Reserve Bank of India Act, 1934:**

(1) Every non-banking financial company (NBFC) shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.

(2) No appropriation of any sum from the reserve fund shall be made by the NBFC except for the purpose as may be specified by the RBI from time to time and every such appropriation shall be reported to the RBI within twenty-one days from the date of such withdrawal:

Provided that the RBI may, in any particular case and for sufficient cause being shown, extend the period of twentyone days by such further period as it thinks fit or condone any delay in making such report.

(3) Notwithstanding anything contained in sub-section (1), the Central Government may, on the recommendation of the RBI and having regard to the adequacy of the paid-up capital and reserves of a NBFC in relation to its deposit liabilities, declare by order in writing that the provisions of sub-section (1) shall not be applicable to the NBFC for such period as may be specified in the order:

Provided that no such order shall be made unless the amount in the reserve fund under sub-section (1) together with the amount in the share premium account is not less than the paid-up capital of the NBFC

**Retained earnings:** Retained earnings are the profits that the Company has earned till date less any transfers to statutory reserve, general reserve, dividends distributions paid to shareholders and transfer from debenture redemption reserve.

**Other Comprehensive Income:** Other Comprehensive Income comprises items of income and expenses that are not recognised in profit and loss as required or permitted by other Ind AS. They comprise of the following : (a) Cumulative gains/(losses) on account of remeasurement of post employment benefit obligations (b) Cumulative gains/(losses) on remeasurement of equity instruments measured at fair value through Other Comprehensive Income. Such remeasurements are not reclassified to the statement of profit and loss in subsequent periods.

**Proposed dividend:** The Board of Directors of the Company have recommended a dividend of 7% being ₹ 0.70 per share on the equity shares of the Company, for the year ended 31st March 2023 (₹ 0.60 per share - 31st March 2022) which is subject to approval of shareholders. Consequently the proposed dividend has not been recognised in the books in accordance with IND AS 10. (Also Refer Note 57)

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

(₹ Lakhs)

Particulars	For the Year ended 31st March 2023	For the Year ended 31st March 2022
<b>23. INTEREST INCOME</b>		
(On Financial Instruments measured at amortised cost)		
Income from Hire purchase operations	18,143.55	17,017.64
Interest from:		
- Loans	169.97	172.29
- Bank deposits	18.00	158.80
- Investments	145.20	218.24
<b>Total</b>	<b>18,476.72</b>	<b>17,566.97</b>
There are no income on Financial Instruments measured at FVTOCI		
<b>24. FEES AND COMMISSION (Service rendered at a point in time)</b>		
- Service Charges	379.02	254.83
- Stamp and documentation charges	80.45	66.66
<b>Total</b>	<b>459.47</b>	<b>321.49</b>
<b>25. SALE OF POWER FROM WIND MILLS</b>		
Income from Wind mill -Sale of Electricity	173.13	177.88
<b>Total</b>	<b>173.13</b>	<b>177.88</b>
<b>26. OTHER INCOME</b>		
- Profit on Sale of Investment	10.67	-
- Miscellaneous income	2.70	1.40
<b>Total</b>	<b>13.37</b>	<b>1.40</b>
<b>27. FINANCE COSTS</b>		
(On Financial Liabilities measured at amortised cost)		
- Deposits	422.82	1,084.82
- Borrowings	1,534.72	1,920.21
- Debt Securities	4,515.29	3,672.04
- Sub-Ordinated Liabilities	4,064.50	3,723.67
- Lease Liability (Refer Note 48)	20.51	36.28
Bank Charges	95.99	121.13
Debenture Issue Expenses	272.30	217.70
<b>Total</b>	<b>10,926.13</b>	<b>10,775.85</b>
There are no Finance Costs measured at FVTOCI		
<b>28. IMPAIRMENT ON FINANCIAL INSTRUMENTS</b>		
(On Financial instruments measured at amortised cost)		
Loans (Refer Note 6)	680.88	878.54
Trade Receivables (Refer Note 5)	6.67	(4.69)
Investments	4.75	3.17
Bad Debts written off	233.77	157.35
<b>Total</b>	<b>926.07</b>	<b>1,034.37</b>
There are no impairment on Financial Instruments measured at FVTOCI		

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

(₹ Lakhs)

Particulars	For the Year ended 31st March 2023	For the Year ended 31st March 2022
<b>29. EMPLOYEE BENEFIT EXPENSES</b>		
Salaries and wages (Refer Note 43)	2,917.01	2,608.36
Contributions to Provident and Other Funds	101.32	98.88
Staff Welfare Expenses	175.76	128.44
Gratuity (Refer Note 42)	20.26	21.51
Leave Encashment (Refer Note 42)	31.86	38.41
<b>Total</b>	<b>3,246.21</b>	<b>2,895.60</b>
<b>30. DEPRECIATION AND AMORTIZATION</b>		
Depreciation on Property plant and Equipment (Refer Note 11 (a) & 2 (l))	249.20	242.08
Depreciation on Investment property (Refer Note 10 (a) & 2 (n))	4.60	4.60
Amortization - Intangibles (Refer Note 11 (d) & 2 (m))	38.48	26.67
Amortization - Right of use assets (Refer Note No 48)	254.65	217.72
<b>Total</b>	<b>546.93</b>	<b>491.07</b>
<b>31. OTHER EXPENSES</b>		
Rent (Refer Note 48)	27.32	35.39
Rates, Taxes and Licences	145.81	121.98
Stamping on documents	17.64	11.93
Communication	45.48	45.66
Insurance	15.25	12.99
Travelling and Conveyance	403.08	298.74
Printing and Stationery	49.77	34.24
Power and Fuel	43.64	29.50
Advertisements	13.29	17.02
<b>Auditor's Remuneration : (Refer Note 26(i) of Corporate governance report)</b>		
As Auditor:		
- Audit Fee	16.00	16.00
- Limited Review Fee	9.00	9.00
- Certification Fee	12.83	7.65
- Reimbursement of Expenses	2.64	2.87
<b>Legal and Professional Charges</b>	<b>323.37</b>	<b>309.84</b>
<b>Repairs and Maintenance on:</b>		
- Buildings	71.76	57.99
- Machinery	93.20	86.51
- Information Technology	243.61	218.49
- Other Assets	40.09	26.85
<b>Filing Fees</b>	<b>9.63</b>	<b>9.80</b>
<b>Directors' Sitting Fees (Refer Note 43)</b>	<b>44.70</b>	<b>34.70</b>
<b>Corporate Social Responsibility Expenses (Refer Note 37)</b>	<b>40.06</b>	<b>37.04</b>
<b>Loss on Sale of Property, Plant and Equipment</b>	<b>2.39</b>	<b>0.12</b>
<b>Miscellaneous Expenses</b>	<b>34.66</b>	<b>38.85</b>
<b>Total</b>	<b>1,705.22</b>	<b>1,463.16</b>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

(₹ Lakhs)

Particulars	For the Year ended 31st March 2023	For the Year ended 31st March 2022
<b>32. (i) CONTINGENT LIABILITIES</b>		
(i) Claims against the Company not acknowledged as debt;		
a) Income Tax issues	226.99	226.99
Less : Amount paid under protest	42.24	-
	<u>184.75</u>	<u>226.99</u>
<p>The Company has disputed Income Tax demand pertaining to the Assessment year 2012-13 for an amount of ₹ 9.83 Lakhs (Previous year : ₹ 9.83 Lakhs) in relation to disallowance under Section 14A of the Income Tax Act. The matter is pending with Assessing Officer.</p> <p>The Company has disputed Income Tax Demand pertaining to the Assessment year 2016-17 for an amount of ₹ 217.16 Lakhs (Previous year : ₹ 217.16 Lakhs) in relation to certain disallowances under Income Tax Act. The matter is pending before Commissioner of Income Tax (Appeals). During the Financial year 2022-23 the Company has remitted an amount of ₹ 42.24 Lakhs under protest against the demand.</p>		
b) Service Tax Issues	2,082.34	1,426.92
Less : Amount paid under protest	143.30	98.63
	<u>1,939.04</u>	<u>1,328.29</u>
<p>The Company has disputed Service Tax demands in respect of Service Tax liability on finance income for the period from 1st October 2014 to 30th June 2017. The total demand along with penalty but excluding non-determined interest amounts to ₹ 2,082.34 Lakhs (Previous year : ₹ 1,426.92 Lakhs). The Company has been legally advised that such demands are not sustainable. The Company has filed an appeal before Central Excise and Service Tax Appellate Tribunal (CESTAT), Chennai and the matter is pending before CESTAT. The Company has pre-deposited an amount of ₹ 143.30 Lakhs (Previous year : ₹ 98.63 Lakhs) under protest.</p>		
c) Consumer Court cases pending	18.35	18.35
<p>There are certain consumer claims pending against the Company, where such claims are disputed and contested by the Company in appropriate forums. The management has estimated that such claims amounts to ₹ 18.35 Lakhs (Previous year ₹ 18.35 Lakhs).</p>		
(ii) Guarantees excluding financial guarantees; and	Nil	Nil
(iii) Other money for which the Company is contingently liable	Nil	Nil
(iv) Commitments		
(a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for;	Nil	Nil
(b) Uncalled liability on Shares and other Investments partly paid;	Nil	Nil
(c) Other Commitments;	Nil	Nil
<p>(ii) In respect of termination of contracts, wherever there is uncertainty in the performance obligations arising out of such contracts, the Company has not quantified or accounted any income for the reason that there is no certainty of economic benefits flowing to the Company.</p>		
<b>33. EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF :</b>		
Annual Maintenance Charges - Information Technology	-	94.97
Travelling Expenses	1.01	-

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

(₹ Lakhs)

Particulars	For the Year ended 31st March 2023	For the Year ended 31st March 2022
<b>34. REMITTANCE OF DIVIDEND IN FOREIGN CURRENCY</b>		
Year to which the dividend relates	2021-22	2020-21
No. of non-resident share holders	1	1
No. of shares on which dividend remittance was made	44,50,000	44,50,000
Amount remitted (₹ Lakhs)	21.15	21.15

**35. DETAILS OF CRYPTO CURRENCY OR VIRTUAL CURRENCY**

Period/Year ended or As at	31st March 2023	31st March 2022
Profit or Loss on transactions involving Crypto currency or Virtual Currency	-	-
Amount of currency held as at the reporting date	-	-
Deposits or advances from any person for the purpose of trading or investing in Crypto Currency or virtual currency	-	-

**36. ADDITIONAL REGULATORY DISCLOSURES (for the period from 1st April 2022 to 31st March 2023 and for the Year ended 31st March 2022)**

- There are no Title deeds of Immovable Properties that were not held in name of the Company.
- The Company measures investment property using cost based measurement.
- There were loans and advances in the nature of loans, which are granted to promoters, directors, KMP's and other related parties (as defined under the Companies Act, 2013), either severally or jointly with any other persons that are repayable on demand or without specifying the terms or period of repayment.

Type of Borrower	31st March 2023		31st March 2022	
	Amount of Loan (or) Advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans	Amount of Loan (or) Advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans
Promoters	-	-	-	-
Directors	-	-	-	-
KMP's	-	-	-	-
Related Party	1,579.08	1.32%	1,599.94	1.40%

- There were no proceedings that have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and the rules made thereunder.
- In respect of borrowings from banks or financial institutions on the basis of security of current assets, the Quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of account.
- The Company has not been declared as a wilful defaulter by any bank or financial institution or other lender.
- The Company did not have any transactions with the companies struck off under Section 248 of Companies Act, 2013 or Section 560 of Companies Act, 1956 except the following :

Name of the Struck off company	Balance outstanding as at		Relationship with struck off company
	31st March 2023	31st March 2022	
First Choice Financial Services Private Limited	0.00	0.00	Equity Shareholder
Kothari & Sons (Nominees) Private Limited	0.00	0.00	Equity Shareholder
Kwality General Finance Associates Limited	0.00	0.00	Equity Shareholder
West Mambalam Suga Leasing & Finance Limited	0.00	0.00	Equity Shareholder

During the financial years ended March 31, 2023 and March 31, 2022, the Company did not have any transaction with the above equity shareholders, except payment of dividend, being the companies whose names have been struck off under Section 248 of Companies Act, 2013 or Section 560 of the Companies Act, 1956. The shareholding data is as per the record of beneficiary position downloaded by the Registrar and Transfer Agent of the Company from the database maintained by the depositories and reported to the Company for the purpose of this disclosure.

Note : 0.00 denotes amounts less than ₹ 1,000/-

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

- h. The Company did not have any charges or satisfaction of charges under the Companies Act, 2013, which are yet to be registered with ROC beyond the statutory period.
- i. The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- j. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- k. The Company has not entered into any Scheme of Arrangements that has been approved by the Competent Authority in terms of Sections 230 to 237 of the Companies Act, 2013. Therefore disclosures pertaining to the same are not applicable.
- l. The Company has no layers as per the provisions of clause (87) of Section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017 for the financial years ended 31st March 2023 and 31st March 2022.
- m. There are no transactions that are previously not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

**37. NOTE ON EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY**

The following is the information regarding projects/programmes undertaken and expenses incurred on CSR activities during the year ended 31st March 2023:

- I. Amount required to be spent by the company during the year: ₹ 40.00 Lakhs (FY 2021-22 : ₹ 37.00 Lakhs)
- II. Amount spent during the year on: (by way of contribution to the trusts and the projects undertaken) (₹ Lakhs)

Particulars	31st March 2023	31st March 2022
a. Construction / acquisition of any asset	-	-
b. On purposes other than (a) above:	40.06	37.04
<b>Total</b>	<b>40.06</b>	<b>37.04</b>

Period / Year ended	31st March 2023	31st March 2022
Amount required to be spent by the company during the year	40.00	37.00
Amount of expenditure incurred	40.06	37.04
Shortfall at the end of the year		
Total of previous years shortfall	Nil	Nil
Reason for shortfall	Nil	Nil
Nature of CSR activities		
1. Education	31.32	22.29
2. Health Care	1.94	13.55
3. Others	6.80	1.20
Details of related party transactions, (e.g.), contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Indian Accounting Standard	25.00	11.35
Details of provision made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year are shown separately.	Nil	Nil

Refer Note 43 on disclosure pursuant to Ind AS 24 - Related Party Disclosures for contributions to related party.



**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

**38. CAPITAL MANAGEMENT**

The company determines the amount of capital required on the basis of factors like funding structure, capital adequacy ratio and leveraging ratios. The capital adequacy ratio working are given below. The capital structure is also monitored on the basis of Capital adequacy ratio.

(₹ Lakhs)

Particulars	As at 31st March 2023			As at 31st March 2022 Ratio (%)	% of Variance	Reason for variance (If above 25%)
	Numerator	Denominator	Ratio (%)			
Capital to Risk weighted Assets Ratio (CRAR)	24,733.70	1,25,674.33	19.68%	21.66%	-9.14%	NA
Tier - I Capital	17,584.59	1,25,674.33	13.99%	13.74%	1.82%	NA
Tier - II Capital	7,149.11	1,25,674.33	5.69%	7.92%	-28.16%	On account of reduction in discounted value of subordinated debts (Unsecured Redeemable, Non-Convertible Debentures) as compared to previous year.
Liquidity Coverage Ratio (Refer Note 49.3 (vi))	1,420.28	479.87	295.97%	557.22%	-46.88%	On account of reduction in SLR Investments as compared to previous year.

**Components of Numerator**

"Tier I Capital" means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund.

"Owned fund" means paid up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

"Tier II Capital" includes the following -

- preference shares other than those which are compulsorily convertible into equity;
- revaluation reserves at discounted rate of fifty five percent;
- General provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets.
- hybrid debt capital instruments;
- Sub-Ordinated debt to the extent the aggregate does not exceed Tier I capital; and
- perpetual debt instruments issued by a non-deposit taking non-banking financial company which is in excess of what qualifies for Tier I Capital, to the extent the aggregate does not exceed Tier I capital.;

**Components of Denominator**

**Aggregate Risk Weighted Assets:**

Under RBI Guidelines, degrees of credit risk expressed as percentage weightages have been assigned to each of the on-balance sheet assets and off-balance sheet assets. Hence, the value of each of the on-balance sheet assets and off-balance sheet assets requires to be multiplied by the relevant risk weights to arrive at risk adjusted value of assets. The aggregate shall be taken into account for reckoning the minimum capital ratio.

The Company has complied with all regulatory requirements related to capital and capital adequacy ratios as prescribed by RBI.

(₹ Lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
Tier - I Capital	17,584.59	16,697.54
Tier - II Capital	7,149.11	9,627.79
<b>Total Capital</b>	<b>24,733.70</b>	<b>26,325.33</b>
Aggregate of Risk Weighted Assets	1,25,674.33	1,21,556.31
Tier-I Capital adequacy ratio	13.99%	13.74%
<b>Total Capital adequacy ratio</b>	<b>19.68%</b>	<b>21.66%</b>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)**

**39. MATURITY ANALYSIS OF ASSETS AND LIABILITIES**

The table below show the maturity analysis of assets and liabilities according to when they are expected to be recovered or settled.

Particulars	Notes	As at 31st March 2023			As at 31st March 2022		
		Less than 12 months	More than 12 months	Total	Less than 12 months	More than 12 months	Total
		(₹ Lakhs)					
<b>ASSETS</b>							
Financial Assets							
Cash and Cash Equivalents	3	3,002.79	-	3,002.79	1,449.51	-	1,449.51
Bank Balances other than Cash and Cash Equivalents	4	42.91	-	42.91	1,129.31	-	1,129.31
Receivables	5						
(i) Trade Receivables		226.21	-	226.21	169.25	-	169.25
(ii) Other Receivables		18.39	-	18.39	16.56	-	16.56
Loans	6	59,156.74	55,343.36	1,14,500.10	54,813.83	55,497.37	1,10,311.20
Investments	7	702.77	641.74	1,344.51	375.13	2,112.75	2,487.88
Other Financial Assets	8	1,288.55	-	1,288.55	1,000.32	712.59	1,712.91
Non-Financial Assets							
Current tax Assets (net)		33.15	-	33.15	17.40	-	17.40
Deferred tax Assets (net)	9	-	395.30	395.30	-	217.94	217.94
Investment Property	10	-	270.61	270.61	-	275.21	275.21
Property Plant and Equipment	11 (a)	-	5,844.58	5,844.58	-	5,946.63	5,946.63
Right of use assets	11 (b)	-	1,059.12	1,059.12	-	1,093.60	1,093.60
Intangible Assets under development	11 (c)	-	-	-	-	-	-
Other Intangible Assets	11 (d)	-	156.58	156.58	-	179.46	179.46
Other Non-Financial Assets	12	375.19	1,500.00	1,875.19	436.14	1,500.00	1,936.14
<b>Total Assets</b>		<b>64,846.70</b>	<b>65,211.29</b>	<b>1,30,057.99</b>	<b>59,407.45</b>	<b>67,535.55</b>	<b>1,26,943.00</b>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)**

(₹ Lakhs)

Particulars	Notes	As at 31st March 2023		As at 31st March 2022		Total
		Less than 12 months	More than 12 months	Less than 12 months	More than 12 months	
<b>LIABILITIES AND EQUITY</b>						
Liabilities						
Financial Liabilities						
Payables						
(i) Trade Payables	13					
(i) Total outstanding dues of micro enterprises and small enterprises		-	-	0.28	-	0.28
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		156.15	-	127.76	-	127.76
(ii) Other Payables						
(i) Total outstanding dues of micro enterprises and small enterprises		-	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		193.26	-	175.13	-	175.13
Debt Securities	14	18,321.75	30,470.68	10,075.19	31,484.85	41,560.04
Borrowings (Other than debt securities)	15	13,366.83	1,287.25	12,870.25	2,695.44	15,565.69
Deposits	16	2,444.17	-	6,160.73	2,379.87	8,540.60
Sub-Ordinated Liabilities	17	13,231.96	28,280.44	16,252.83	23,277.94	39,530.77
Other Financial Liabilities	18	522.14	862.82	966.77	459.37	1,426.14
Non-Financial Liabilities						
Current tax Liabilities (net)		-	-	-	-	-
Provisions	19	135.49	-	122.65	-	122.65
Deferred tax Liabilities (net)		-	-	-	-	-
Other Non-Financial Liabilities	20	97.78	-	99.55	-	99.55
Equity						
Equity Share Capital	21	-	6,470.59	-	6,470.59	6,470.59
Other Equity	22	-	14,216.68	-	13,323.80	13,323.80
<b>Total Liabilities and Equity</b>		<b>48,469.53</b>	<b>81,588.46</b>	<b>1,30,057.99</b>	<b>80,091.86</b>	<b>1,26,943.00</b>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

**40. DISCLOSURE PURSUANT TO IND AS "7" - Change in Liabilities arising from Financing Activities**

(₹ Lakhs)

Particulars	31st March 2022	Cash Flows	Others	31st March 2023
Debt Securities	41,560.04	7,192.64	39.75	48,792.43
Deposits	8,540.60	(6,114.07)	17.64	2,444.17
Borrowings Other than Debt securities	15,565.69	(977.29)	65.68	14,654.08
Sub-Ordinated Liabilities	39,530.77	33.83	1,947.80	41,512.40
Lease Liabilities	386.17	(53.59)	40.34	372.92
<b>Total</b>	<b>1,05,583.27</b>	<b>81.52</b>	<b>2,111.21</b>	<b>1,07,776.00</b>

**41. DISCLOSURE PURSUANT TO IND AS "12" INCOME TAX**

**a. Explanation of Relationship between tax Expense and Accounting Profit**

Sl No	Particulars	FY 2022-23	FY 2021-22
1	Profit before Tax	1,735.97	1,292.04
2	Applicable Income Tax Rate (%)	25.17%	25.17%
3	Expected Income Tax Expense	436.91	325.23
4	Tax effect of adjustments to reconcile expected Income tax expense at tax rate to reported income tax expense:		
	Effect of expenses / provisions not deductible in determining taxable profit	500.55	542.05
	Effect of expenses / provisions deductible in determining taxable profit	(262.81)	(266.19)
	Effect of tax incentives and concessions	-	-
	Effect of differential tax rate	-	-
	Effect of interest on tax	-	-
	Tax Effect of Adjustments	-	-
5	Tax Expense/(Income)	674.65	601.09

**b. Deferred Tax Asset/(Liabilities) - Major Components**

Sl No	Particulars	Balance as at 31st March 2022	Tax Expense/ (Income) charged in P&L	Tax Expense/ (Income) charged in OCI	Balance as at 31st March 2023
		(A)	(B)	(C)	D = (A) - (B+C)
1	Application of Expected Credit Loss on Financial Assets	982.42	(137.53)	10.68	1,109.27
2	Employee benefit expenses	30.87	(3.23)	-	34.10
3	Right of Use Assets and Lease Liabilities	7.84	2.11	-	5.73
4	Application of EIR On Financial Liabilities	(64.83)	(14.80)	-	(50.03)
5	Differences in carrying amount of Property, Plant and Equipment	(738.36)	(34.59)	-	(703.77)
	<b>Deferred Tax Asset / (Liabilities)</b>	<b>217.94</b>	<b>(188.04)</b>	<b>10.68</b>	<b>395.30</b>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

**c. Tax Items in Statement of Profit and Loss**

(₹ Lakhs)

Sl No	Particulars	31st March 2023	31st March 2022
1	Current Tax Expense/(Income)	674.65	601.09
2	Deferred Tax Expense/(Income)		
	Amount of deferred tax expense/(income) relating to originating and reversal of temporary difference	(188.05)	(260.93)
	Amount of deferred tax expense/(income) relating to change in tax rates or the imposition of new taxes	-	-
	<b>Income Tax Expense / (Income) recognised in statement of profit and loss</b>	<b>486.60</b>	<b>340.16</b>

**d. Tax Items recognised in Other Comprehensive Income**

Sl No	Particulars	31st March 2023	31st March 2022
1	Tax Expense		
	- Current Tax Expense	-	-
	- Deferred Tax Expense	10.68	3.51
	<b>Income Tax Expense/(Income) recognised in Other Comprehensive Income</b>	<b>10.68</b>	<b>3.51</b>

e. There is no tax expense charged directly to other equity.

**f. Tax U/s 115 BAA of Income Tax Act 1961**

Pursuant to the Taxation Laws (Amendment) Ordinance 2019, Finance (No. 2) Act, 2019, the Company had exercised the option permitted Under Section 115BAA of the Income Tax Act, 1961 to compute Income Tax at an effective rate (i.e. 25.17%) from the financial year 2019-20.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

**42. DISCLOSURE REQUIREMENTS UNDER IND AS 19 ("Employee Benefits")**

**a. Defined benefit obligation - Gratuity**

The Gratuity scheme is a defined benefit plan, that provides for a lumpsum payment upon death while in employment or at the time of separation. Based on rules of the scheme, the benefits are calculated on basis of last drawn salary and the period of service rendered and paid as lumpsum. There is a vesting period of 5 years. The plan involves the following risks that affect the liabilities and cash flows.

**1. Interest rates risk:**

The defined benefit obligation calculated using a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

**2. Salary inflation risk:**

Higher than expected increases in salary will increase the defined benefit obligation.

**3. Demographic risks:**

This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of this decrement on the DBO depend upon the combination of salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short service employees will be less compared to long service employees.

**4. Actuarial Risk:**

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

- **Adverse Salary Growth Experience:** Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.
- **Variability in mortality rates:** If actual mortality rates are higher than assumed mortality rate assumption then the Gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.
- **Variability in withdrawal rates:** If actual withdrawal rates are higher than assumed withdrawal rate assumption then the Gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

**5. Investment Risk:**

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

The following table summarises the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the Gratuity plan.

(₹ Lakhs)

Sl No	Particulars	As at 31st March 2023	As at 31st March 2022
<b>I</b>	<b>Present Value of Defined Benefit Obligation</b>		
	Defined benefit obligation at the beginning of the year	179.41	198.87
	(i) Current service cost	20.24	20.78
	(ii) Past Service Cost		
	(iii) Interest cost	11.14	11.63
	(iv) Re-measurement Loss/(gain) due to :		
	(a) Changes in financial assumptions	(4.79)	(2.38)
	(b) Changes in demographic assumptions	-	-
	(c) Experience on defined benefit obligation	0.10	(6.63)
	(v) Benefits paid	(54.15)	(42.86)
	Defined benefit obligation as at the end of the year	151.95	179.41

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

(₹ Lakhs)

Sl No	Particulars	As at 31st March 2023	As at 31st March 2022
II	<b>Fair Value of Plan Assets</b>		
	Fair Value of Plan Assets at the beginning of the year	170.72	177.76
	(i) Benefits Paid	(54.15)	(42.86)
	(ii) Employer Contribution	16.81	19.98
	(iii) Expected Interest Income on Plan Assets	11.11	10.91
	(iv) Actuarial (Loss)/Gain from Return on plan Assets	(1.39)	4.93
	Fair Value of Plan Assets as at the end of the year	143.10	170.72
	<b>Net (Asset)/Liability Recognised in Balance Sheet (I-II)</b>	8.84	8.69
III	<b>Cost of Defined Benefit Plan for the Year</b>		
	(i) Current service cost	20.23	20.78
	(ii) Past Service Cost	-	-
	(iii) Interest Cost	11.14	11.63
	(iv) Expected Interest Income on Plan assets	(11.11)	(10.91)
	<b>Net Cost recognized in the Statement of Profit and Loss</b>	20.26	21.50
IV	<b>Re-measurement (loss)/gain due to :</b>		
	(a) Changes in financial assumptions	(4.79)	(2.38)
	(b) Changes in demographic assumptions	-	-
	(c) Experience on defined benefit obligation	0.10	(6.63)
	Actuarial (Loss)/Gain from Return on plan assets	(1.39)	4.93
	<b>Net cost recognised in Other Comprehensive Income</b>	(3.30)	(13.94)
V	<b>Significant Actuarial Assumptions</b>		
	(i) Discount Rate	7.31%	6.56%
	(ii) Expected Return on Plan Assets	7.31%	6.56%
	(iii) Salary Escalation Rate	4.00%	4.00%
	(iv) Attrition Rate	19.00%	19.00%
VI	<b>Sensitivity Analysis for significant actuarial assumption</b>		
	(i) Discount Rate		
	+ 100 Basis Rate	(4.18%)	(3.61%)
	- 100 Basis Rate	4.58%	3.95%
	(ii) Salary Growth		
	+ 100 Basis Rate	4.38%	3.78%
	- 100 Basis Rate	(4.06%)	(3.51%)
	(iii) Attrition Rate		
	+ 100 Basis Rate	0.33%	0.13%
	- 100 Basis Rate	(0.38%)	(0.15%)

**b. Other Long Term Benefits - Leave Encashment**

The leave encashment is long term benefit plan, that provides for a lumpsum payment upon death of employee or at the time of separation. Based on scheme rules the benefits are calculated on the basis of last drawn salary and the leave count and paid as lumpsum.

The benefit involves the following risks that affect the liabilities and cash flows.



**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

**1. Interest rates risk :**

The defined benefit obligation calculated using a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

**2. Salary inflation risk:**

Higher than expected increases in salary will increase the defined benefit obligation.

**3. Demographic risks:**

This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of this decrement on the DBO depend upon the combination of salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short service employees will be less compared to long service employees.

The following table summarises the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the Leave encashment plan. (₹ Lakhs)

SI No	Particulars	As at 31st March 2023	As at 31st March 2022
I	<b>Present Value of Defined Benefit Obligation</b>		
	Defined benefit obligation at the beginning of the year	60.96	41.35
	(i) Current service cost	13.48	13.12
	(ii) Interest cost	2.90	1.38
	(iii) Re-measurement Loss/(gain) due to :		
	(a) Changes in financial assumptions	(1.54)	(0.84)
	(b) Changes in demographic assumptions	-	-
	(c) Experience on defined benefit obligation	17.02	46.45
	(iv) Benefits paid	(33.58)	(40.50)
	<b>Closing defined benefit obligation</b>	<b>59.24</b>	<b>60.96</b>
II	<b>Cost of Defined Benefit Plan for the Year</b>		
	(i) Current service cost	13.48	13.12
	(ii) Interest cost	2.90	1.38
	(iii) Others	15.48	23.91
	<b>Net Cost recognized in the Statement of Profit and Loss</b>	<b>31.86</b>	<b>38.41</b>
III	<b>Significant Actuarial Assumptions</b>		
	(i) Discount Rate	7.31%	6.50%
	(ii) Expected Return on Plan Assets	0%	0%
	(iii) Salary Escalation Rate	4.00%	4.00%
	(iv) Attrition Rate	19.00%	19.00%
IV	<b>Sensitivity Analysis for significant actuarial assumption</b>		
	(i) Discount Rate		
	+ 100 Basis Rate	(3.43%)	(3.69%)
	- 100 Basis Rate	3.74%	4.60%
	(ii) Salary Growth		
	+ 100 Basis Rate	3.36%	3.63%
	- 100 Basis Rate	(3.12%)	(3.35%)
	(iii) Discount Rate		
	+ 100 Basis Rate	0.13%	0.06%
	- 100 Basis Rate	(0.17%)	(0.06%)

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

**43. Disclosure pursuant to Ind AS "24" - Related Party Disclosure**

**Nature of Relationships**

A	Enterprises in which the Key Management Personnel and their relatives can exercise significant influence	<p>ABT Ltd.                  ABT Finance Ltd.                  ABT Foundation Ltd.                  ABT Industries Ltd.                  ARC Retreading Co. Pvt. Ltd.                  N Mahalingam &amp; Co                  Nachimuthu Industrial Association                  Ramanandha Adigalar Foundation                  Sakthifinance Financial Services Ltd.                  Sakthifinance Financial Services (Cochin) Private Ltd                  Sakthifinance Holdings Ltd.                  Sakthi Realty Holdings Ltd.                  Sakthi Sugars Ltd.                  Sakthi Auto Components Ltd                  Sakthi Properties (Coimbatore) Ltd                  Sri Chamundeswari Sugars Ltd.                  Sri Sakthi Textiles Ltd.                  Sakthi Pelican Insurance Broking Private Limited                  The Gounder and Company Auto Ltd                  Sakthi Foundation                  Suddha Sanmarga Nilayam                  The Vanavarayar Foundation Trust</p>
B	Key Management Personnel	<p>Dr M Manickam, Chairman                  Sri M Balasubramaniam, Vice Chairman and Managing Director                  Sri M Srinivaasan, Director                  Dr A Selvakumar Independent Director                  Sri P S Gopalakrishnan, Independent Director                  Smt Priya Bhansali, Independent Director                  Sri K P Ramakrishnan, Independent Director                  Dr S Veluswamy, Director (Finance &amp; Operations)                  Sri Srinivasan Anand (Chief Financial Officer )                  Sri S Venkatesh, Company Secretary and Chief Compliance Officer (upto 6th March 2023)                  Sri C Subramaniam, Company Secretary (w.e.f. 6th March 2023)</p>
C	Relatives of Key Management Personnel	<p>Smt Vinodhini Balasubramaniam, Wife of Sri M Balasubramaniam                  Smt Samyuktha Vanavarayar, daughter of Sri M Balasubramaniam                  Selvi Shruthi Balasubramaniam, daughter of Sri M Balasubramaniam                  Selvan Amrith Vishnu Balasubramaniam, Son of Sri M Balasubramaniam                  Sri M Harihara Sudhan, Son of Dr M Manickam                  Smt Bhavani Gopal, Wife of P S Gopalakrishnan                  Smt Lalitha Ramakrishnan, Wife of Sri K P Ramakrishnan                  Smt Karunambal Vanavarayar, Sister of Dr M Manickam                  Selvi Anusha Bhansali, Daughter of Smt.Priya Bhansali</p>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

Transactions / Material Transactions with Related Parties made during the year

(₹ Lakhs)

Sl No	Nature of Transactions	Related parties where significant influence is exercised where controls exist	Key Management Personnel	Relatives of Key Management Personnel	For the year ended 31st March 2023	For the year ended 31st March 2022
<b>1</b>	<b>Income</b>					
	<b>Rent received</b>					
	Sakthifinance Financial Services Ltd	8.61	-	-	8.61	7.12
	ABT Industries Ltd	23.43	-	-	23.43	18.90
	Sakthi Pelican Insurance Broking Pvt Ltd	4.46	-	-	4.46	-
	<b>Income from HP Operations</b>					
	Sakthi Foundation	11.14	-	-	11.14	19.22
	Suddha Sanmarga Nilayam	1.14	-	-	1.14	2.14
	<b>Interest Income</b>					
	ABT Industries Ltd.	30.97	-	-	30.97	75.01
	<b>Reimbursement of Expenses / Income</b>					
	ABT Industries Ltd	6.73	-	-	6.73	-
<b>2</b>	<b>Expenses</b>					
	<b>Purchase of fuel and others</b>					
	N.Mahalingam & Co	15.09	-	-	15.09	10.22
	<b>Reimbursement of Expenses (Electricity / internet charges)</b>					
	ABT Industries Ltd	3.55	-	-	3.55	7.87
	Sakthifinance Financial Services Ltd.	0.94	-	-	0.94	-
	<b>Rent paid</b>					
	Smt.Vinodhini Balasubramaniam	-	-	2.40	2.40	2.40
	M. Srinivaasan	-	117.53	-	117.53	111.86
	ARC Retreading Company Pvt Ltd	2.23	-	-	2.23	2.23
	N.Mahalingam & Co	14.16	-	-	14.16	-
	<b>Resource Mobilisation Charges</b>					
	Sakthifinance Financial Services Ltd.	272.12	-	-	272.12	77.00
	<b>Printing charges</b>					
	Nachimuthu Industrial Association	13.40	-	-	13.40	12.63
	Sakthi Sugars Ltd. (Om Sakthi)	2.32	-	-	2.32	2.31
	Sakthi Foundation	1.13	-	-	1.13	0.80
	<b>Professional Charges</b>					
	Ramanandha Adigalar Foundation	22.89	-	-	22.89	-
	<b>Corporate Social Responsibility Expenses</b>					
	Ramanandha Adigalar Foundation	25.00	-	-	25.00	-
	The Vanavarayar Foundation Trust	-	-	-	-	11.35
	<b>Remuneration</b>					
	M.Balasubramaniam	-	43.80	-	43.80	49.80
	S.Veluswamy	-	32.62	-	32.62	32.58
	Srinivasan Anand	-	25.79	-	25.79	29.35
	S.Venkatesh	-	15.88	-	15.88	16.73
	C.Subramaniam	-	3.65	-	3.65	-
	Amrit Vishnu B	-	-	3.15	3.15	-

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

(₹ Lakhs)

Sl No	Nature of Transactions	Related parties where significant influence is exercised where controls exist	Key Management Personnel	Relatives of Key Management Personnel	For the year ended 31st March 2023	For the year ended 31st March 2022
	<b>Perquisites</b>					
	M.Balasubramaniam	-	0.75	-	0.75	-
	S.Veluswamy	-	-	-	-	3.15
	Srinivasan Anand	-	-	-	-	-
	S.Venkatesh	-	-	-	-	-
	C.Subramaniam	-	-	-	-	-
	Amrit Vishnu B	-	-	-	-	-
	<b>Employee Benefits</b>					
	M.Balasubramaniam	-	4.32	-	4.32	4.32
	S.Veluswamy	-	2.30	-	2.30	1.83
	Srinivasan Anand	-	-	-	-	0.55
	S.Venkatesh	-	0.99	-	0.99	0.99
	C.Subramaniam	-	0.19	-	0.19	-
	Amrit Vishnu B	-	-	0.07	0.07	-
	<b>Commission **</b>					
	M.Balasubramaniam	75.25	-	-	75.25	63.67
	<b>Sitting Fees</b>					
	<b>Non-Executive Directors</b>					
	M.Manickam	-	4.30	-	4.30	3.50
	M.Srinivaasan	-	4.50	-	4.50	4.20
	S.Veluswamy	-	3.30	-	3.30	-
	<b>Independent Directors</b>					
	A Selvakumar	-	12.60	-	12.60	9.90
	P S Gopalakrishnan	-	4.50	-	4.50	3.60
	Priya Bhansali	-	7.00	-	7.00	5.50
	K P Ramakrishnan	-	8.50	-	8.50	8.00
	<b>Reimbursement of Travelling Expense</b>					
	<b>Non-Executive Directors</b>					
	M.Manickam	-	0.27	-	0.27	0.18
	M.Srinivaasan	-	0.24	-	0.24	0.24
	S.Veluswamy	-	0.27	-	0.27	-
	<b>Independent Directors</b>					
	A Selvakumar	-	0.27	-	0.27	0.24
	P S Gopalakrishnan	-	0.24	-	0.24	0.24
	Priya Bhansali	-	0.27	-	0.27	0.27
	K P Ramakrishnan	-	0.27	-	0.27	0.27
	<b>** subject to approval of shareholders at the ensuing Annual General Meeting</b>					

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31ST MARCH 2023

(₹ Lakhs)

Sl No	Nature of Transactions	Related parties where significant influence is exercised where controls exist	Key Management Personnel	Relatives of Key Management Personnel	For the year ended 31st March 2023	For the year ended 31st March 2022
3	<b>Assets</b>					
	<b>Loans and advances given</b>					
	S.Venkatesh	-	2.00	-	2.00	-
	ABT Industries Ltd	350.00	-	-	350.00	410.00
	<b>Advance for Property, Plant and Equipment</b>					
	Sakthi Sugars Ltd.	-	-	-	-	1,500.00
	<b>Loans and advances repaid</b>					
	ABT Industries Ltd	(350.00)	-	-	(350.00)	(410.00)
	S.Venkatesh	-	(4.79)	-	(4.79)	(5.00)
	<b>Outstanding as at the year end</b>					
	<b>Loans and advances</b>					
	Sakthi Properties (Coimbatore) Ltd	850.00	-	-	850.00	850.00
	Sakthi Sugars Ltd	1,500.00	-	-	1,500.00	1,500.00
	Sakthi Foundation	37.13	-	-	37.13	81.66
	Suddha Sanmarga Nilayam	4.59	-	-	4.59	9.01
	Sakthifinance Financial Services Ltd	14.24	-	-	14.24	31.49
	Sakthi Pelican Insurance Broking Private Limited	10.83	-	-	10.83	10.83
	ABT Industries Ltd	30.97	-	-	30.97	9.14
	S.Venkatesh	-	6.38	-	6.38	9.17
	<b>Rent / Other reimbursement receivables</b>					
	Sakthifinance Financial Services Ltd	23.62	-	-	23.62	14.87
	ABT Industries Ltd.	20.00	-	-	20.00	6.80
	Sakthi Pelican Insurance Broking Private Limited	0.34	-	-	0.34	-
4	<b>Liabilities</b>					
	<b>Transactions during the year</b>					
	<b>Investment in NCDs:</b>					
	ABT Finance Ltd	(4.46)	-	-	(4.46)	-
	Sakthifinance Financial Services Ltd.	197.10	-	-	197.10	45.00
	Sakthi Financial Services Cochin Pvt Ltd	(7.16)	-	-	(7.16)	-
	Smt Samyuktha Vanavarayar	-	-	-	-	120.00
	Miss Shruthi Balasubramaniam	-	-	(38.00)	(38.00)	10.00
	Smt Karunambal Vanavarayar	-	-	300.00	300.00	300.00
	Sri P S Gopalakrishnan	-	25.00	-	25.00	-
	Smt Lalitha Ramakrishnan	-	-	1.00	1.00	-
	<b>Investment in Deposits:</b>					
	M. Harihara Sudhan	-	-	-	-	(7.74)
	<b>Subscription in Redeemable Cumulative Preference Shares ("RCPS") :</b>					
	Sakthi Financial Services Cochin Pvt Ltd	(50.20)	-	-	(50.20)	216.70

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

(₹ Lakhs)

Sl No	Nature of Transactions	Related parties where significant influence is exercised where controls exist	Key Management Personnel	Relatives of Key Management Personnel	For the year ended 31st March 2023	For the year ended 31st March 2022
	<b>Outstanding as at the year end</b>					
	<b>Investment in NCDs:</b>					
	ABT Finance Ltd	8.00	-	-	8.00	12.46
	Sakthifinance Financial Services Ltd.	246.85	-	-	246.85	49.75
	Sakthi Financial Services Cochin Pvt Ltd	149.90	-	-	149.90	157.06
	Sri P S Gopalakrishnan	-	35.00	-	35.00	10.00
	Smt Vinodhini Balasubramaniam	-	-	80.00	80.00	80.00
	Smt.Samyuktha Vanavarayar	-	-	195.00	195.00	195.00
	Selvi Shruthi Balasubramaniam	-	-	40.00	40.00	78.00
	Selvan Amrit Vishnu Balasubramaniam	-	-	12.00	12.00	-
	Smt Bhavani Gopal	-	-	10.00	10.00	10.00
	Smt Lalitha Ramakrishnan	-	-	31.00	31.00	30.00
	Sri Hariharasudhan Manickam	-	-	2.00	2.00	2.00
	Selvi Anusha Bhansali	-	-	10.00	10.00	10.00
	Smt Karunambal Vanavarayar	-	-	600.00	600.00	300.00
	<b>Subscription in SD Bonds:</b>					
	Smt.Vinodhini Balasubramaniam	-	-	10.00	10.00	10.00
	Selvi Shruthi Balasubramaniam	-	-	10.00	10.00	10.00
	<b>Subscription in Redeemable Cumulative Preference Shares ("RCPS") :</b>					
	Sakthi Financial Services Cochin Pvt Ltd	166.50	-	-	166.50	216.70
	<b>Liabilities for Expenses Payable:</b>					
	ARC Retreading Company Pvt Ltd	0.19	-	-	0.19	0.19
	Nachimuthu Industrial Association	-	-	-	-	0.28
	N.Mahalingam and Co	2.07	-	-	2.07	0.99
	Sakthi Sugars Ltd.	-	-	-	-	0.41
	Commission payable to Sri M. Balasubramaniam	75.25	-	-	75.25	63.67
	Sri M. Srinivaasan	-	5.66	-	5.66	5.73

Notes:-

- All transactions are in the ordinary course of business on terms equivalent to those that prevail in an arm's length transaction.
- The Company has not granted loans or advances that is repayable on demand or without specifying any terms or period of repayment to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person, for the financial years ended March 31, 2023 and March 31, 2022.
- There have been no guarantees provided or received to/from any related party on receivables or payables.
- For the year ended 31st March, 2023, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party.
- During the year ended 31st March 2023, the Company has not written off any receivables due from related parties.

44. Disclosure pursuant to Ind AS "33" - Earnings Per Share (Refer Note 2(ab))

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
a) Weighted average number of equity shares of ₹ 10 each		
(i) Number of shares at the beginning of the year	6,47,05,882	6,47,05,882
(ii) Number of shares at the end of the year	6,47,05,882	6,47,05,882
(b) Weighted average number of shares outstanding during the year (nos)	6,47,05,882	6,47,05,882
(c) Net Profit after tax available for equity shareholders (₹ lakhs)	1,281.13	985.10
Basic and diluted earnings per share (Face Value: ₹10 per share)	1.98	1.52

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

### 45. FINANCIAL RISK MANAGEMENT FRAMEWORK

The company is engaged in finance business and like any other NBFC is exposed to risks such as credit risk, liquidity risk, market risk, operational risks etc. The company follows pro-active risk management practices to mitigate these risks. The risk management policies are periodically reviewed by the Risk Management Committee and Audit Committee.

#### Credit Risk

Credit risk is the risk that arises when the borrowers of the Company are unable to meet the financial obligations.

The Company has a comprehensive and well - defined credit policy, which encompasses a credit approval process for all businesses along with guidelines for mitigating the risks associated with them. The appraisal process includes a detailed risk assessment of the borrowers, physical verifications and field visits. The company has a robust post sanction monitoring process supervision and follow-up to identify portfolio trends and early warning signals. This enables the company to implement necessary changes to the credit policy, whenever the need arises. Also being in asset finance, the company's lending is secured by adequate collaterals from the borrowers. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery are taken through follow ups and legal recourse.

In assessing the impairment of financial loans under Expected credit Loss (ECL) Model, the assets have been segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial instrument. The difference in accounting between stages, relate to the recognition of expected credit losses and the measurement of interest income

#### Expected Credit Loss ("ECL")

As a result of adoption of IndAs , the company has followed Ind As 109 for the calculation of expected credit loss. The measurement of ECL involves three main components Viz,

Exposure at default (EAD), Probability of Default (PD) and Loss Given Default (LGD) and weightages have been decided based on industry best practices and judgement. ECL is measured based on various stages of assets and by applying PD and LGD to arrive at impairment loss.

#### Exposure at Default ("EAD")

Exposure at Default (EAD) is defined as the sum of Principal outstanding and interest accrued at the reporting date.

#### Probability of Default ("PD")

The Probability of Default is an estimate of the likelihood of an account getting into default over a given time horizon. The PD model reflects the probability of default, taking into consideration the residual tenor of each contract and it relies not only on historical information and the current economic environment, but also considers forward-looking information such as the forecasts on the macroeconomic factors like GDP , Inflation rate etc.

#### Loss Given Default ("LGD")

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

#### Definition of Default

If the borrower is past due for more than 90 days on any material credit obligation to the Company; or the borrower is unlikely to pay his credit obligations to the Company in full, it is considered as default.

The Company categorises loan assets into stages primarily based on the Days of Past Due Status.

Stage 1 : 0-30 days past due

Stage 2 : 31-90 days past due

Stage 3 : More than 90 days past due

#### Write-offs (Refer Note 2(i))

Financial assets are written off either partially or in their entirety only when the Company has no reasonable expectation of recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is recorded as an expense in the year of write off. Any subsequent recoveries against such loans are credited to the statement of profit and loss.



**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)**

The following table provides an overview of the gross carrying amount of loan assets stage-wise :

(₹ Lakhs)

Particulars	31st March 2023				31st March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the year	99,679.78	9,200.48	5,942.21	1,14,822.47	97,136.73	10,255.72	5,594.01	1,12,986.46
New business - net of recovery	64,381.52	10,522.00	800.64	75,704.16	53,042.83	1,476.15	17.14	54,536.12
Transfer due to change in credit worthiness								
Stage 1	1,747.12	(1,591.87)	(155.25)	-	2,639.69	(2,486.81)	(152.88)	-
Stage 2	(3,230.29)	3,248.42	(18.13)	-	(6,071.61)	6,102.17	(30.56)	-
Stage 3	(1,546.77)	(916.36)	2,463.13	-	(1,054.61)	(684.56)	1,739.17	-
Financial Assets that have been derecognised	(63,353.94)	(5,337.71)	(1,908.98)	(70,600.63)	(45,956.83)	(5,456.32)	(1,129.61)	(52,542.76)
Write off during the year	(99.29)	(8.74)	(125.73)	(233.76)	(56.42)	(5.87)	(95.06)	(157.35)
Balance at the end of the year	97,578.13	15,116.22	6,997.89	1,19,692.24	99,679.78	9,200.48	5,942.21	1,14,822.47

The following table provides an overview of the Expected Credit Loss, stage-wise :

Particulars	31st March 2023				31st March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the year	478.79	95.53	3,936.95	4,511.27	130.73	296.92	3,205.09	3,632.74
New business - net of recovery	145.77	862.26	170.80	1,178.83	80.99	11.99	1.40	94.38
Transfer due to change in credit worthiness								
Stage 1	0.28	(0.28)	-	-	19.90	(18.71)	(1.19)	-
Stage 2	(218.50)	219.31	(0.81)	-	(58.78)	59.30	(0.52)	-
Stage 3	(379.50)	(253.85)	633.35	-	(174.16)	(196.07)	370.23	-
Financial Assets that have been derecognised	142.28	227.54	(672.55)	(302.73)	503.61	(35.45)	397.06	867.22
Write off during the year	(1.96)	(1.23)	(192.04)	(195.23)	(23.50)	(24.45)	(35.12)	(83.07)
Balance at the end of the year	167.16	1,149.28	3,875.70	5,192.14	478.79	95.53	3,936.95	4,511.27

Stage	31st March 2023			31st March 2022		
	Gross Value	Impairment Allowance	Net Carrying Value	Gross Value	Impairment Allowance	Net Carrying Value
Stage 1	97,578.13	167.16	97,410.97	99,679.78	478.79	99,200.99
Stage 2	15,116.22	1,149.28	13,966.94	9,200.48	95.53	9,104.95
Stage 3	6,997.89	3,875.70	3,122.19	5,942.21	3,936.95	2,005.26
Total	1,19,692.24	5,192.14	1,14,500.10	1,14,822.47	4,511.27	1,10,311.20

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

**Geographical break-up of portfolio - ( Net Stock on Hire )**

(₹ Lakhs)

Particulars	FY 2023	FY 2022
Tamil Nadu & Puducherry	95,355	94,816
Kerala	17,046	14,897
Karnataka	3,132	2,409
Andhra	2,963	2,284
<b>Total</b>	<b>1,18,496</b>	<b>1,14,406</b>

**Portfolio composition - Net Stock on Hire**

Particulars	FY 2023	FY 2022
Commercial Vehicles	1,06,088	1,02,620
Cars & Jeeps	7,671	8,112
Construction Equipment	3,967	2,929
Machinery	709	670
Consumer Durables	61	75
<b>Total</b>	<b>1,18,496</b>	<b>1,14,406</b>

**Liquidity Risk**

Liquidity risk is the risk related to cash flows and the inability to meet the company's liabilities as and when they become due. It arises from the mismatches in the maturity pattern to cope with a decline in liabilities or increase in assets.

The Company monitors these risks through appropriate risk limits. Asset Liability Management Committee ("ALCO") reviews these risks and related trends and helps adopt various strategies related to assets and liabilities, in line with company's risk management framework.

The contracted cash flow arising out of the financial liabilities and financial assets as at 31st March 2023 is furnished hereunder :

Particulars	Note	Up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
<b>Financial Liabilities</b>								
Deposits	16 & 18	703.90	798.18	1,200.87	-	-	-	2,702.95
Borrowings	14,15,17&18	7,694.98	10,033.47	27,283.59	46,568.11	13,439.27	-	1,05,019.42
Foreign Currency Assets		-	-	-	-	-	-	-
Foreign Currency Liabilities		-	-	-	-	-	-	-
<b>Total</b>		<b>8,398.88</b>	<b>10,831.65</b>	<b>28,484.46</b>	<b>46,568.11</b>	<b>13,439.27</b>	<b>-</b>	<b>1,07,722.37</b>
<b>Financial Assets</b>								
Cash and cash equivalents	3	189.80	-	-	-	-	-	189.80
Bank balances	4	2,855.90	-	-	-	-	-	2,855.90
Loans	6	16,070.63	15,895.67	27,190.46	49,351.90	5,767.96	223.48	1,14,500.10
Investments	7	-	217.14	485.62	491.92	-	149.83	1,344.51
Other financial assets		672.65	167.17	381.23	634.58	-	2,186.25	4,041.88
<b>Total</b>		<b>19,788.98</b>	<b>16,279.98</b>	<b>28,057.31</b>	<b>50,478.40</b>	<b>5,767.96</b>	<b>2,559.56</b>	<b>1,22,932.19</b>

The contracted cash flow arising out of the financial liabilities and financial assets as at 31st March 2022 is furnished hereunder :

Particulars	Note	Up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
<b>Financial Liabilities</b>								
Deposits	16 & 18z	2,096.24	2,007.06	2,308.63	2,379.87	-	-	8,791.80
Borrowings	14,15,17&18	7,401.46	2,166.92	13,595.67	60,020.66	13,677.61	-	96,862.32
Foreign Currency Assets		-	-	-	-	-	-	-
Foreign Currency Liabilities		-	-	-	-	-	-	-
<b>Total</b>		<b>9,497.70</b>	<b>4,173.98</b>	<b>15,904.30</b>	<b>62,400.53</b>	<b>13,677.61</b>	<b>-</b>	<b>1,05,654.12</b>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

The contracted cash flow arising out of the financial liabilities and financial assets as at 31st March 2022 is furnished hereunder: (cont..)

(₹ Lakhs)

Particulars	Note	Up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
<b>Financial Assets</b>								
Cash and cash equivalents	3	270.41	-	-	-	-	-	270.41
Bank balances	4	2,308.40	-	-	-	-	-	2,308.40
Loans	6	14,922.10	14,125.03	25,766.70	51,359.65	3,420.27	717.45	1,10,311.20
Investments	7	-	240.05	135.08	1,046.14	514.43	552.18	2,487.88
Other financial assets		814.21	200.86	415.48	774.74	-	707.42	2,912.71
<b>Total</b>		<b>18,315.12</b>	<b>14,565.94</b>	<b>26,317.26</b>	<b>53,180.53</b>	<b>3,934.70</b>	<b>1,977.05</b>	<b>1,18,290.60</b>

**Market Risk**

Market Risk is the risk arising in financial instruments due to changes in market variables such as interest rates, liquidity etc. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximising the return.

**Interest Rate Risk**

Interest Rate Risk is the possibility of loss arising from changes in the value of financial instruments as result of changes in market variables such as interest rates and other asset prices. The company's exposure to market risk is a function of asset liability management activities. Except the borrowings from banks, the interest rates of which are linked to MCLR, other borrowings are fixed rate instruments. The Company has not availed any foreign currency borrowings. The major portion of lending is at fixed rates.

The interest rate profile of the interest bearing financial instruments is as follows

Particulars	Note	As at 31st March 2023	As at 31st March 2022
<b>Financial assets</b>			
<b>Fixed rate instruments</b>			
Loans	6	1,19,692.24	1,14,822.47
Investments	7	1,194.69	2,374.44
Bank Balances	4	-	182.79
<b>Variable rate instruments</b>			
<b>Total</b>		<b>1,20,886.93</b>	<b>1,17,379.70</b>
<b>Financial Liabilities</b>			
<b>Fixed rate instruments</b>			
Debt securities	14 & 18	48,831.16	41,740.44
Borrowings (other than debt securities)	15	2,696.17	5,051.56
Deposits	16 & 18	2,702.95	8,791.80
Sub-Ordinated liabilities	17 & 18	40,038.88	38,065.89
Preference Shares	17 & 18	1,508.30	1,503.29
<b>Variable rate instruments</b>			
Bank Borrowings	15	11,957.91	10,514.13
<b>Total</b>		<b>1,07,735.37</b>	<b>1,05,667.11</b>

As the fixed rate instruments are carried at amortised cost, their carrying amount will not vary because of changes in market interest rate.

A cash flow sensitivity analysis for variable rate instruments, indicating the possible change in Profit and Loss / equity for 1% change in interest rate is furnished hereunder:

Particulars	31st March 2023		31st March 2022	
	1 % increase in interest rate	1 % decrease in interest rate	1 % increase in interest rate	1 % decrease in interest rate
Variable rate instruments- carrying amount	+60	(60.00)	+77	(77.00)

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

**Operational Risk**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems or from external events.

The operational risks of the company are managed through comprehensive internal control systems and procedures and key back up processes.

Further submission of exceptional reports for procedural lapses at the branches level, risk-based audits on a regular basis across all business units/functions and IT disaster recovery plans are put in place for evaluating key operational risks the processes of which are meant to adequately mitigate them on an on-going basis.

**46. Disclosure Pursuant To Ind AS "108" - Operating Segments**

The Company is primarily engaged in the business of asset financing. This, in the context of Ind AS 108 on "Operating Segments" notified by the Companies (Indian Accounting Standards) Rules 2016, is considered to constitute a single primary segment.

The Company operates in a single segments only. There are no operations outside India and hence there is no external revenue or assets which require disclosure.

**47. Disclosure pursuant to Ind AS "113"**

**a. Financial Assets designated at Fair value through Other Comprehensive Income**

(₹ Lakhs)

Particulars	Fair Value hierarchy	As at 31st March 2023	As at 31st March 2022
Investment in Equity Instruments (Quoted)	Level 1	111.47	75.09
Investment in Equity Instruments (Un-Quoted)	Level 3	38.35	38.35

**b.i. Financial assets and financial liabilities measured at amortised cost as at 31st March 2023**

Particulars	Notes	Carrying Amount	Fair Value			Total
			Level 1	Level 2	Level 3	
<b>Financial Assets</b>						
Cash and Cash Equivalents	3	3,002.79	3,002.79	-	-	3,002.79
Bank Balances other than Cash and Cash Equivalents	4	42.91	42.91	-	-	42.91
Trade Receivables	5	244.60	-	295.75	-	295.75
Loans	6	1,14,500.10	-	-	1,14,500.10	1,14,500.10
Investments	7	1,194.69	1,214.31	-	-	1,214.31
Other Financial Assets	8	1,288.55	-	1,288.55	-	1,288.55
<b>Financial Liabilities</b>						
Payables	13					
(I) Trade Payables		156.15	-	156.15	-	156.15
(II) Other Payables		193.26	-	193.26	-	193.26
Debt Securities	14	48,792.43	36,388.08	12,404.35	-	48,792.43
Borrowings (Other than debt securities)	15	14,654.08	14,654.08	-	-	14,654.08
Deposits	16	2,444.17	-	-	2,444.17	2,444.17
Sub-Ordinated Liabilities	17	41,512.40	12,281.44	-	29,230.96	41,512.40
Other Financial Liabilities	18	1,384.96	-	1,009.87	375.09	1,384.96

**b.ii. Financial assets and financial liabilities measured at amortised cost as at 31st March 2022**

Particulars	Notes	Carrying Amount	Fair Value			Total
			Level 1	Level 2	Level 3	
<b>Financial Assets</b>						
Cash and Cash Equivalents	3	1,449.51	1,449.51	-	-	1,449.51
Bank Balances other than Cash and Cash Equivalents	4	1,129.31	1,129.31	-	-	1,129.31
Trade Receivables	5	185.81	-	230.28	-	230.28
Loans	6	1,10,311.20	-	-	1,10,311.20	1,10,311.20
Investments	7	2,374.44	2,507.18	-	-	2,507.18
Other Financial Assets	8	1,712.91	-	1,712.91	-	1,712.91

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

b.ii. Financial assets and financial liabilities measured at amortised cost as at 31st March 2022 (cont.)

(₹ Lakhs)

Particulars	Notes	Carrying Amount	Fair Value			
			Level 1	Level 2	Level 3	Total
<b>Financial Liabilities</b>						
Payables	13					
(I) Trade Payables		128.04	-	128.04	-	128.04
(II) Other Payables		175.13	-	175.13	-	175.13
Debt Securities	14	41,560.04	30,836.75	10,723.29	-	41,560.04
Borrowings (Other than debt securities)	15	15,565.69	15,565.69	-	-	15,565.69
Deposits	16	8,540.60	-	-	8,540.60	8,540.60
Sub-Ordinated Liabilities	17	39,530.77	11,640.39	-	27,890.38	39,530.77
Other Financial Liabilities	18	1,426.15	-	1,090.12	336.03	1,426.15

c. Financial assets and Financial Liabilities measured at Fair Value through Profit or Loss as at 31st March 2023 and as at 31st March 2022

The Company did not measure any of its Financial Assets and Financial Liabilities at Fair Value through Profit or Loss.

Note:

The Management assessed that cash and cash equivalents, bank balances other than cash and cash equivalents, receivables, other financial assets, payables, and other financial liabilities approximates their carrying amount largely due to short-term maturities of these instruments.

There were no transfers between level 1 and level 2 for any asset or liabilities during the year.

48. Disclosure pursuant to Ind AS "116" Leases

In cases of leases where the Company is a lessee (Operating Lease)

The Company's lease asset class primarily consists of land and buildings taken on lease for Corporate office and Branch office premises used for operating activities

(₹ Lakhs)

Particulars	31st March 2023	31st March 2022
(a) Depreciation charge for Right-of-Use Assets	254.65	217.72
(b) Interest expense on Lease Liabilities	20.51	36.28
(c) The expense relating to short-term leases	-	-
(d) The expense relating to leases of low-value assets	27.32	35.39
(e) Total cash outflow for leases	269.89	231.81
(f) Additions to right-of-use assets	-	-
(g) The carrying amount of right-of-use assets at the end of the reporting period	1,059.12	1,093.60

Maturity Analysis	31st March 2023	31st March 2022
Less than 1 year	241.90	214.23
1-3 years	132.00	194.54
3-5 years	49.49	21.53
More than 5 years	2.71	10.32
Total future undiscounted cash outflow on lease liability	426.10	440.62

In cases of leases where the Company is a lessor (Operating Lease)

The Company has given four buildings on operating lease for commercial purposes and recognises the income as per the contractual terms of lease.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

**49. Disclosures under RBI Directions**

49.1 Schedule to the Balance Sheet of a Non-Banking Financial Company as required under Master Direction- Non-Banking Financial Company / Systemically important Non-Deposit taking Company and Deposit-taking company (Reserve Bank) Directions 2016 (₹ Lakhs)

Sl No	Particulars	As at 31st March 2023		As at 31st March 2022	
		Amount outstanding	Amount Overdue #	Amount outstanding	Amount Overdue #
(1)	<b>Liabilities Side:</b>				
	Loans and advances availed by the Non Banking Financial Company inclusive of interest accrued thereon but not paid:				
	(a) Debentures : Secured	48,831.16	38.73	41,740.44	180.40
	: Unsecured (Other than falling within the meaning of Public deposit)	-	-	-	-
	(b) Deferred Credits	-	-	-	-
	(c) Term Loans	2,408.38	-	3,810.72	-
	(d) Inter-Corporate loans and borrowing	287.79	-	1,240.84	-
	(e) Commercial paper	-	-	-	-
	(f) Public Deposits	2,702.95	258.78	8,791.80	251.20
	(g) Sub-Ordinated Debts	41,534.18	21.78	39,556.18	25.41
	(h) Other Loans - Cash Credit	11,957.91	-	10,514.13	-
(2)	<b>Break-up of (1) (f) and (g) above (Outstanding Public deposits inclusive of interest accrued thereon but not paid):</b>				
	(a) In the form of Unsecured Debentures	12,281.44	-	11,640.38	-
	(b) In the form of Partly secured Debentures i.e. debentures where there is a shortfall in the value of security	-	-	-	-
	(c) Other Public Deposits	2,702.95	258.78	8,791.80	251.20
	(d) Sub-Ordinated Debts	41,534.18	21.78	26,425.51	25.41
	# Represents unclaimed deposits and interest accrued thereon				
(3)	<b>Assets Side:</b>				
	<b>Break-up of Loans and Advances including bills receivables (Other than those included in (4) below):</b>		Amount outstanding		Amount outstanding
	(a) Secured		-		-
	(b) Unsecured		1,196.36		416.20
(4)	<b>Break-up of Leased Assets and Stock on Hire and Other assets counting towards AFC activities:</b>				
	(1) Lease Assets including lease rentals under Sundry Debtors				
	(a) Financial Lease		-		-
	(b) Operational Lease		-		-
	(2) Assets on Hire including Hire charges under Sundry Debtors				
	(a) Stock on Hire		1,18,441.63		1,14,215.90
	(b) Repossessed Assets		54.25		190.37
	(3) Other Loans counting towards AFC activities				
	(a) Loans where assets have been repossessed		-		-
	(b) Loans other than (a) above		-		-

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

(₹ Lakhs)

(5)	Break-up of Investments:	As at 31st March 2023	As at 31st March 2022
	Current Investments :		
	1. Quoted		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-
	2. Unquoted		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-
	Long Term Investments :		
	1. Quoted		
	(i) Shares : (a) Equity	111.47	75.09
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	1,194.69	2,374.44
	(v) Others	-	-
	2. Unquoted :		
	(i) Shares : (a) Equity	38.41	38.41
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-



NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31ST MARCH 2023

(₹ Lakhs)

<b>(6) Borrower group-wise classification of assets financed as in 3 and 4 above</b>							
		31st March 2023 (Amount net of provisions)			31st March 2022 (Amount net of provisions)		
Category	Secured	Unsecured	Total	Secured	Unsecured	Total	
<b>1. Related parties</b>							
(a) Subsidiaries	-	-	-	-	-	-	-
(b) Companies in the same group	-	-	-	-	-	-	-
(c) Other related parties	41.72	30.97	72.69	90.77	9.17	99.94	
<b>2. Other than related parties</b>	<b>1,13,262.02</b>	<b>1,165.39</b>	<b>1,14,427.41</b>	<b>1,09,804.23</b>	<b>407.03</b>	<b>1,10,211.26</b>	
<b>Total</b>	<b>1,13,303.74</b>	<b>1,196.36</b>	<b>1,14,500.10</b>	<b>1,09,895.00</b>	<b>416.20</b>	<b>1,10,311.20</b>	
<b>(7) Investor group-wise classification of all Investments (Current and non-Current Long term) in shares and securities (both quoted and unquoted)</b>							
Category		Market value / Break up or fair value or NAV	Book value (Net of provisions)	Market value / Break up or fair value or NAV	Book value (Net of provisions)		
		31st March 2023		31st March 2022			
<b>1. Related parties</b>							
(a) Subsidiaries		-	-	-	-	-	-
(b) Companies in the same group		146.77	146.77	110.43	110.39		
(c) Other related parties		-	-	-	-		
<b>2. Other than related parties</b>		<b>1,197.82</b>	<b>1,197.74</b>	<b>2,371.09</b>	<b>2,377.49</b>		
<b>Total</b>		<b>1,344.59</b>	<b>1,344.51</b>	<b>2,481.52</b>	<b>2,487.88</b>		
<b>(8) Other information</b>							
Particulars		Amount		Amount			
<b>(i) Gross Non Performing Assets</b>		<b>6,997.89</b>		<b>5,942.21</b>			
(a) Related parties		-		-			
(b) Other than Related parties		6,997.89		5,942.21			
<b>(ii) Net Non Performing Assets</b>		<b>3,420.94</b>		<b>2,355.20</b>			
(a) Related parties		-		-			
(b) Other than Related parties		3,420.94		2,355.20			
<b>(iii) Assets acquired in satisfaction of debt</b>		<b>-</b>		<b>-</b>			

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

**49.2 Balance Sheet disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit - Taking Company (Reserve Bank) Directions 2016** (₹ Lakhs)

Sl No	Particulars	31st March 2023	31st March 2022
1	<b>Capital to Risk (Weighted) Assets Ratio</b>		
	CRAR (%)	19.68	21.66
	CRAR - Tier I Capital (%)	13.99	13.74
	CRAR - Tier II Capital (%)	5.69	7.92
	Amount of Sub-Ordinated debt considered as Tier-II capital	4,374.12	6,519.72
	Amount raised by issue of Perpetual Debt Instruments	-	-
2	<b>Investments</b>		
	Value of Investments		
	Gross Value of Investments		
	In India	1,344.57	2,487.94
	Outside India	-	-
	Provisions for Diminution in value of investments		
	In India	0.06	0.06
	Outside India	-	-
	Net Value of Investments		
	In India	1,344.51	2,487.88
	Outside India	-	-
	Movement of provisions held towards diminution in value of investments		
	Opening balance	0.06	0.06
	Add : Provisions made during the year	-	-
	Less: Write-off / write-back of excess provisions during the year	-	-
	Closing balance	0.06	0.06
3	<b>Derivatives</b>		
	Forward Rate Agreement / Interest Rate Swap	-	-
	Exchange Traded Interest Rate (IR) Derivatives	-	-
	Disclosures on Risk Exposure in Derivatives Qualitative Disclosure:-	-	-
	The Company has no derivatives transactions	-	-
4	<b>Disclosures relating to Securitisation</b>		
	SPV and Minimum Retention Requirements	-	-
	Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction	-	-
	Details of Assignment transactions undertaken by NBFCs	-	-
	Details of non-performing financial assets purchased / sold	-	-
	Details of non-performing financial assets purchased	-	-
	Details of Non-performing Financial Assets sold	-	-

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)**

(₹ Lakhs)

Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as on 31st March 2023													
Sl.No	Particulars	Note	Upto 0-7 days	Upto 8-14 days	Upto 15-30 days	Over 1 Month upto 2 Month	Over 2 Months upto 3 Months	Over 3 Months upto 6 Months	Over 6 Months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
(i)	Deposits	16 B 18	51.76	77.83	129.39	295.82	149.30	798.18	1,200.87	-	-	-	2,702.95
(ii)	Advances	6	2,374.36	1,146.46	1,807.44	5,318.02	5,424.35	15,895.67	27,190.46	49,351.90	5,767.95	225.49	1,14,500.10
(iii)	Investments	7	-	-	-	-	-	217.14	485.62	491.92	-	149.83	1,344.51
(iv)	Borrowings		43.91	18.15	298.93	4,926.60	2,407.39	10,033.67	27,283.59	46,568.12	13,439.26	-	1,05,019.42
(v)	Foreign Currency Assets		-	-	-	-	-	-	-	-	-	-	-
(vi)	Foreign Currency Liabilities		-	-	-	-	-	-	-	-	-	-	-
Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as on 31st March 2022													
Sl.No	Particulars	Note	Upto 0-7 days	Upto 8-14 days	Upto 15-30 days	Over 1 Month upto 2 Month	Over 2 Months upto 3 Months	Over 3 Months upto 6 Months	Over 6 Months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
(i)	Deposits	16 B 18	87.46	107.99	296.69	945.27	659.73	2,007.06	2,308.63	2,379.87	-	-	8,791.80
(ii)	Advances	6	1,316.16	974.93	2,589.64	5,034.36	5,007.01	14,125.03	25,766.70	51,359.65	3,420.27	717.45	1,10,511.20
(iii)	Investments	7	-	-	-	-	-	240.05	135.08	1,046.14	514.43	552.18	2,487.88
(iv)	Borrowings		60.17	47.55	397.76	6,106.96	789.02	2,166.92	13,595.67	60,020.66	13,677.60	-	96,862.31
(v)	Foreign Currency Assets		-	-	-	-	-	-	-	-	-	-	-
(vi)	Foreign Currency Liabilities		-	-	-	-	-	-	-	-	-	-	-

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

(₹ Lakhs)

Sl No	Particulars	31st March 2023	31st March 2022															
6	<b>Exposures</b>																	
(i)	Exposure to Real Estate Sector	-	-															
(ii)	Exposure to Capital Market	-	-															
a	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	111.47	75.09															
b	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds	-	-															
c	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	-	-															
d	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances	-	-															
e	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers.	-	-															
f	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources.	-	-															
g	Bridge loans to companies against expected equity flows / issues	-	-															
h	All exposures to Venture Capital Funds (both registered and unregistered)	-	-															
	<b>Total Exposure to Capital Market</b>	<b>111.47</b>	<b>75.09</b>															
(iii)	Details of financing of parent company products	Nil	Nil															
(iv)	Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the NBFC	Nil	Nil															
(v)	Unsecured Advances	1,196.36	416.20															
7	<b>Miscellaneous</b>																	
(i)	Registration obtained from other financial sector regulators	NA	NA															
(ii)	Disclosure of Penalties imposed by RBI and other regulators	0.02	-															
(iii)	Related Party Transactions - Ref. Note 43																	
(iv)	Ratings assigned by credit rating agencies and migration of ratings during the year																	
	<table border="1"> <thead> <tr> <th>Sl No.</th> <th>Particulars</th> <th>ICRA Ltd</th> </tr> </thead> <tbody> <tr> <td>(i)</td> <td>Deposits</td> <td>(ICRA) BBB Stable</td> </tr> <tr> <td>(ii)</td> <td>Debentures</td> <td>(ICRA) BBB Stable</td> </tr> <tr> <td>(iii)</td> <td>Long-Term Borrowings</td> <td>(ICRA) BBB Stable</td> </tr> <tr> <td>(iv)</td> <td>Short-Term Borrowings</td> <td>(ICRA) A2</td> </tr> </tbody> </table>	Sl No.	Particulars	ICRA Ltd	(i)	Deposits	(ICRA) BBB Stable	(ii)	Debentures	(ICRA) BBB Stable	(iii)	Long-Term Borrowings	(ICRA) BBB Stable	(iv)	Short-Term Borrowings	(ICRA) A2		
Sl No.	Particulars	ICRA Ltd																
(i)	Deposits	(ICRA) BBB Stable																
(ii)	Debentures	(ICRA) BBB Stable																
(iii)	Long-Term Borrowings	(ICRA) BBB Stable																
(iv)	Short-Term Borrowings	(ICRA) A2																
	Migration of ratings during the year : NIL																	
(v)	Remuneration of Directors																	
	Ref. Page No. 37 of Corporate Governance Report 2023																	

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31ST MARCH 2023

(₹ Lakhs)

Sl No	Particulars	31st March 2023	31st March 2022
(vi)	Management Ref. Management and Discussion and Analysis Report on Page No. 26		
(vii)	Net Profit or Loss for the period, prior period items and changes in accounting policies	Nil	Nil
<b>8</b>	<b>Other Disclosures</b>		
(i)	Provisions and Contingencies Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss		
a	Provisions for diminution in value of Investment	4.75	3.17
b	Provision towards NPA	680.88	878.54
c	Provision for Standard Assets	-	-
d	Provision made towards Income Tax	486.60	340.16
e	Other Provision and Contingencies (with details)	6.67	(4.69)
(ii)	Draw down from Reserves	-	-
(iii)	Concentration of Deposits, Advances, Exposures and NPAs		
a	Concentration of Deposits:		
	Total Deposits of twenty largest depositors	278.26	416.06
	Percentage of Deposits of twenty largest depositors to Total Deposits	10.29%	4.73%
b	Concentration of Advances:		
	Total Advances to twenty largest borrowers	1,383.63	1,398.28
	Percentage of Advances to twenty largest borrowers to Total Advances	1.17%	1.22%
c	Concentration of Exposures:		
	Total Exposure to twenty largest borrowers / customers	1,170.97	860.24
	Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	0.99%	0.75%
d	Concentration of NPAs:		
	Total Exposure to top four NPA accounts	137.13	73.50
e	Sector-wise NPAs	% NPAs to Total Advances in that sector	
(i)	Agriculture & allied activities	3.43%	1.62%
(ii)	MSME – Engineering	-	-
(iii)	Corporate borrowers - Textiles	-	-
(iv)	Services - Others	6.79%	1.42%
(v)	Unsecured personal loans	-	-
(vi)	Auto loans - Transport	5.70%	6.23%

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

(₹ Lakhs)

Sl No	Particulars	31st March 2023	31st March 2022
f	Movement of NPAs		
(i)	Net NPAs to Net Advances (%)	2.99%	2.14%
(ii)	Movement of NPAs (Gross)		
	Opening balance	5,942.21	5,594.01
	Additions during the year	3,468.82	2,223.89
	Reductions during the year	2,413.14	1,875.69
	Closing balance	6,997.89	5,942.21
(iii)	Movement of Net NPAs		
	Opening balance	2,355.20	2,522.83
	Additions during the year	2,822.79	1,380.13
	Reductions during the year	1,757.05	1,547.76
	Closing balance	3,420.94	2,355.20
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	Opening balance	3,587.01	3,071.18
	Provisions made during the year	646.04	843.76
	Write-off / write-back of excess provisions	656.10	327.93
	Closing balance	3,576.95	3,587.01
(v)	Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)	Nil	Nil
(vi)	Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)	Nil	Nil
9	<b>Disclosure of Complaints</b>		
a	No. of complaints pending at the beginning of the year	-	-
b	No. of complaints received during the year	486	4
c	No. of complaints redressed during the year	486	4
d	No. of complaints pending at the end of the year	-	-

**49.3 Disclosures as required under guidelines on liquidity risk management frame work for NBFCs issued by RBI by notification no. RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated 4th November 2019.**

Public disclosure on Liquidity Risk:

**i. Funding concentration based on significant counterparty (both deposits and Borrowings)**

Sl No	Type of Instruments	No. of Significant counter parties	Amount (₹ lakhs)	% of total deposits	% of total liabilities
1	Borrowings As at 31st March 2023	3	12,939.00	541.65	11.83
2	Borrowings As at 31st March 2022	4	13,713.00	171.82	12.80

**ii. Top 20 Large Deposits (amount ₹ in Lakhs) and % of Total Deposits**

Sl No	Descriptions	Amount (₹ lakhs)	% of total deposits
1	Total for Top 20 Large Deposits as at 31st March 2023	278.25	11.65%
2	Total for Top 20 Large Deposits as at 31st March 2022	416.06	4.73%

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

**iii. Top 10 Borrowings (amount ₹ in Lakhs) and % of Total Borrowings**

Sl No	Descriptions	Amount (₹ lakhs)	% of total Borrowings
1	Total for Top 10 Borrowings as at 31st March 2023	14,715.00	14.93%
2	Total for Top 10 Borrowings as at 31st March 2022	15,661.00	15.96%

**iv. Funding concentration based on significant instrument / products**

Sl No	Name of the Instrument / Products	31st March 2023		31st March 2022	
		Amount (₹ lakhs)	% of total Liabilities	Amount (₹ lakhs)	% of total Liabilities
1	Redeemable Non-Convertible Debentures - Public Issue	33,856.00	30.95	29,181.00	27.23
2	Sub-Ordinated Debts	23,397.00	21.39	23,400.00	21.84
3	Redeemable Non-Convertible Debentures - Secured Retail	11,966.00	10.94	10,738.00	10.02
4	From Banks: Cash Credit and Demand Loans	10,738.00	9.82	10,516.00	9.81
5	Non-Convertible Debentures - Secured	12,023.00	10.99	10,452.00	9.75
6	Fixed Deposits	2,389.00	2.18	7,981.00	7.45
7	Term Loans - Financial Institutions and Banks	2,437.00	2.23	3,853.00	3.60
8	Redeemable Cumulative Preference Shares	1,500.00	1.37	1,500.00	1.40
9	Term Loans - Corporates	286.00	0.26	1,234.00	1.15
	<b>Total</b>	<b>98,592.00</b>	<b>90.13</b>	<b>98,855.00</b>	<b>92.25</b>

**v. Stock Ratios:**

**a. Commercial Papers as a % of Total Public Funds, Total Liabilities and Total Assets**

Sl No	Name of the Instrument / Products	31st March 2023		31st March 2022	
		Amount (₹ lakhs)	% of total deposits	Amount (₹ lakhs)	% of total deposits
1	Commercial Paper Outstanding	NA	NA	NA	NA
2	% to Total Public Funds	-	-	-	-
3	% to Total Liabilities	-	-	-	-
4	% to Total Public Assets	-	-	-	-

**b. Non-Convertible Debentures (on maturities of less than 1 year) as a percentage of Total Public Funds, total Liabilities and Total Assets**

Sl No	Name of the Instrument / Products	31st March 2023	31st March 2022
1	Non-Convertible Debentures (on maturities of less than 1 year)	-	-
2	% to Total Public Funds	-	-
3	% to Total Liabilities	-	-
4	% to Total Assets	-	-

**c. Other Short term Liabilities, if any as a percentage of Total Public Funds, Total Liabilities and Total Assets**

Sl No	Name of the Instrument / Products	31st March 2023	31st March 2022
1	Other Short term Liabilities	11,957.91	10,514.13
2	% to Total Public Funds	11.13%	9.99%
3	% to Total Liabilities	10.93%	9.81%
4	% to Total Assets	9.20%	8.28%

**vi. Institutional set-up of liquidity risk management**

The Board of Directors of the Company have an overall responsibility for the management of all types of risks, including liquidity risk, to which the Company is exposed in the normal course of its business. Further, the Board of Directors have constituted a Risk Management Committee ("RMC"), as mandated by RBI, for the effective supervision,



## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

evaluation, monitoring and review of various aspects and types of risks, including liquidity risk, faced by the Company. The meetings of RMC are presently held as may be necessary. Moreover, the Board of Directors have also constituted an Asset Liability Committee ("ALCO"), for the management of the Company's short and long-term funding and meeting liquidity requirements. The Company manages liquidity risk by maintaining adequate reserves and surplus, accessing undrawn bank facilities and obtaining funding from various other sources, as may be feasible. ALCO provides guidance and direction in terms of interest rate, liquidity, funding sources etc. ALCO meetings are held as may be required. The minutes of ALCO meetings are placed before the Board of Directors at their next meeting for their perusal / approval / ratification.

Definition of terms as used in the table above:

**a) Significant counter party:**

A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC's total liabilities.

**b) Significant instrument/product:**

A "Significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the NBFC's total liabilities.

**c) Total liabilities:**

Total liabilities include all external liabilities (other than equity).

**d) Public funds:**

"Public funds" includes funds raised either directly or indirectly through public deposits, inter-corporate deposits, bank finance and all funds received from outside sources such as funds raised by issue of commercial papers, debentures etc. but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 5 years from the date of issue. It includes total borrowings outstanding under all types of instruments/products.

**e) Other short-term liabilities:**

All short-term borrowings other than CPs and NCDs with original maturity less than 12 months.

### Disclosure on Liquidity Coverage Ratio ("LCR")

The Company has implemented the guidelines on Liquidity Risk Management Framework prescribed by the Reserve Bank of India requiring maintenance of Liquidity Coverage Ratio ("LCR"), which aim to ensure that an NBFC maintains an adequate level of unencumbered ("HQLAs") which can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.

The LCR is computed as per the formula given below:

$LCR = \text{Stock of High-Quality Liquid Assets ("HQLAs")} / \text{Total Net Cash Outflows over the next 30 calendar days}$

HQLAs consist of Cash (would mean cash on hand and demand deposits with Scheduled Commercial Banks), Investment in Central and State Government Securities, and highly-rated Corporate Bonds and Commercial papers, including those of Public Sector Enterprises, as adjusted after assigning the haircuts as prescribed by RBI.

Total net cash outflows are arrived after taking into consideration total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days.

As prescribed by RBI, total net cash outflows over the next 30 days = Stressed Outflows [Min (stressed inflows; 75% of stressed outflows)]. Total expected cash outflows (stressed outflows) are calculated by multiplying the outstanding balances of various categories or types of liabilities and off-balance sheet commitments by 115% (15% being the rate at which they are expected to run off further or be drawn down). Total expected cash inflows (stressed inflows) are calculated by multiplying the outstanding balances of various categories of contractual receivables by 75% (25% being the rate at which they are expected to under-flow).

The Liquidity Risk Management framework of the Company is governed by its Liquidity Risk Management Policy and Procedures approved by the Board. The Asset Liability Management ("ALM") Committee oversees the implementation of liquidity risk management strategy of the Company and ensure adherence to the risk tolerance/limits set by the Board.

The Company maintains a robust funding profile with no undue concentration of funding sources. In order to ensure a diversified borrowing mix, concentration of borrowing through various sources is monitored. Further, the Company has prudential limits on investments in different instruments to maintain a healthy investment profile. The above is periodically monitored and reviewed by ALCO.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)**

For the year ended 31st March 2023

Major source of borrowings for the Company are Non-Convertible Debentures, Term loans from Banks, and Public deposits. Details of funding concentration from Significant counter party are given in Note 49 (3)

S. No.	Particulars	Apr-Jun 2022		Jul - Sep 2022		Oct-Dec 2022		Jan - Mar 2023	
		Unweighted Value* (Average)	Weighted Value # (Average)	Unweighted Value* (Average)	Weighted Value # (Average)	Unweighted Value* (Average)	Weighted Value # (Average)	Unweighted Value* (Average)	Weighted Value # (Average)
1	High Quality Liquid Assets								
	Total High Quality Liquid Assets (HQLA)	2,932.38	2,511.58	2,978.02	2,599.95	1,963.05	1,652.24	1,659.28	1,420.78
	Cash Outflows:								
2	Deposits (for deposit taking companies)	809.97	931.47	914.72	1,051.92	776.15	892.57	502.84	578.77
3	Unsecured wholesale funding	19.42	22.33	18.67	21.47	17.92	20.61	17.69	20.34
4	Secured wholesale funding	2,250.11	2,587.62	816.89	939.43	681.17	783.35	446.88	513.91
5	Additional requirements, of which								
(i)	Outflows related to derivative exposure and other collateral requirements	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	849.26	976.65	539.55	620.48	745.75	857.61	701.69	806.95
6	Other contractual funding obligations	-	-	-	-	-	-	-	-
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	TOTAL CASH OUTFLOWS	3,928.76	4,518.07	2,289.83	2,633.30	2,220.99	2,554.14	1,669.10	1,919.47
	Cash Inflows:								
9	Secured Lending	5,511.38	3,983.84	5,430.92	4,073.19	6,274.97	4,706.23	6,128.85	4,596.64
10	Inflows from fully performing exposures	-	-	-	-	-	-	-	-
11	Other cash inflows	1,376.66	1,032.50	749.95	562.47	10.57	7.93	9.01	6.76
12	TOTAL CASH INFLOWS	6,888.04	5,016.04	6,180.87	4,635.66	6,285.54	4,714.16	6,137.86	4,603.40
13	TOTAL HQLA		2,511.58		2,599.95		1,652.24		1,420.28
14	TOTAL NET CASH OUTFLOWS		1,129.82		658.33		638.53		479.87
15	LIQUIDITY COVERAGE RATIO (%)		222.36%		394.93%		258.76%		295.97%
	Components of HQLA								
	- Cash on Hand		262.93		286.59		263.85		234.17
	- Balances with Banks		565.43		801.09		145.15		230.11
	- Government Securities		2,104.00		1,890.33		1,554.05		1,195.00
	- Commercial Paper		-		-		-		-
	TOTAL		2,932.38		2,978.01		1,963.05		1,659.28

\*Unweighted values are being calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).

#Weighted values are being calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)**

For the year ended 31st March 2022

(₹ Lakhs)

S. No.	Particulars	Apr-Jun 2021		Jul-Sep 2021		Oct-Dec 2021		Jan-Mar 2022	
		Unweighted Value* (Average)	Weighted Value # (Average)	Unweighted Value* (Average)	Weighted Value # (Average)	Unweighted Value* (Average)	Weighted Value # (Average)	Unweighted Value* (Average)	Weighted Value # (Average)
1	High Quality Liquid Assets								
	Total High Quality Liquid Assets (HQLA)	3,632.54	3,118.94	9,881.39	9,367.79	3,412.49	2,898.89	3,161.89	2,888.29
	<b>Cash Outflows:</b>								
2	Deposits (for deposit taking companies)	682.74	785.15	1,635.64	1,880.99	1,276.50	1,467.97	627.71	721.87
3	Unsecured wholesale funding	36.37	41.83	35.62	40.96	27.59	31.73	21.57	24.80
4	Secured wholesale funding	1,483.67	1,706.22	1,180.05	1,357.05	677.07	778.64	534.00	614.11
5	Additional requirements, of which								
(i)	Outflows related to derivative exposure and other collateral requirements	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	629.15	723.52	853.91	982.00	415.39	477.70	619.63	712.57
6	Other contractual funding obligations	221.67	254.92	-	-	-	-	-	-
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	<b>TOTAL CASH OUTFLOWS</b>	3,053.60	3,511.64	3,705.22	4,261.00	2,396.55	2,756.04	1,802.91	2,073.35
	<b>Cash Inflows:</b>								
9	Secured Lending	4,544.86	3,483.65	5,010.88	3,758.16	5,504.50	4,128.38	5,254.72	3,941.04
10	Inflows from fully performing exposures	-	-	-	-	-	-	-	-
11	Other cash inflows	-	-	7,200.00	5,400.00	5,716.66	4,287.50	3,600.00	2,700.00
12	<b>TOTAL CASH INFLOWS</b>	4,544.86	3,483.65	12,210.88	9,158.16	11,221.16	8,415.88	8,854.72	6,641.04
13	<b>TOTAL HQLA</b>		3,118.94		9,367.79		2,898.89		2,888.29
14	<b>TOTAL NET CASH OUTFLOWS</b>		877.91		1,065.25		689.01		518.34
15	<b>LIQUIDITY COVERAGE RATIO [%]</b>		355.27%		879.40%		420.73%		557.22%
	<b>Components of HQLA</b>								
	- Cash on Hand		341.07		249.26		300.02		310.28
	- Balances with Banks		723.47		7,064.13		544.48		683.61
	- Government Securities		2,568.00		2,568.00		2,568.00		2,368.00
	- Commercial Paper		-		-		-		-
	<b>TOTAL</b>		3,632.54		9,881.39		3,412.50		3,361.89

\*Unweighted values are being calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).

#Weighted values are being calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

49.4 In terms of RBI Circular No. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 6, 2020 in relation to the Resolution Framework for COVID-19-related Stress, disclosure is as follows: (₹ Lakhs)

Type of Borrowers	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year ended 30th September 2022	Of such accounts, aggregate debt that slipped into NPA during the half-year	Of such accounts amount written off during the half-year	Of such accounts amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year ended 31st March 2023
Personal Loans	324.45	45.73	-	136.79	141.93
Corporate Loans	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
<b>Total</b>	<b>324.45</b>	<b>45.73</b>	<b>-</b>	<b>136.79</b>	<b>141.93</b>

49.5 Disclosure as required under RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13th March 2020 on Implementation of Indian Accounting Standards

A comparison between provisions required under extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) and impairment allowances made under Ind AS 109

For the year ended 31st March 2023

(₹ Lakhs)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3)-(4)	(6)	(7) = (4)-(6)
<b>Performing Assets</b>						
Standard	Stage 1	97,578.13	167.16	97,410.97	487.89	(320.73)
	Stage 2	15,116.22	1,149.30	13,966.92	75.58	1,073.72
<b>Sub-Total</b>		<b>1,12,694.35</b>	<b>1,316.46</b>	<b>1,11,377.89</b>	<b>563.47</b>	<b>752.99</b>
<b>Non-Performing Assets (NPA)</b>						
Substandard	Stage 3	3,591.33	884.65	2,706.68	393.71	490.94
Doubtful - up to 1 year	Stage 3	618.55	272.28	346.27	428.84	(156.56)
1 to 3 years	Stage 3	98.69	40.07	58.62	72.40	(32.33)
More than 3 years	Stage 3	16.19	5.55	10.64	8.86	(3.31)
<b>Sub-Total for doubtful assets</b>		<b>733.43</b>	<b>317.90</b>	<b>415.53</b>	<b>510.10</b>	<b>(192.20)</b>
<b>Loss</b>	Stage 3	2,673.13	2,673.13	-	2,673.13	-
<b>Sub-Total for NPA</b>		<b>6,997.89</b>	<b>3,875.68</b>	<b>3,122.21</b>	<b>3,576.94</b>	<b>298.74</b>
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms		-	-	-	-	-
<b>Sub-Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	Stage 1	97,578.13	167.16	97,410.97	487.89	(320.73)
	Stage 2	15,116.22	1,149.30	13,966.92	75.58	1,073.72
	Stage 3	6,997.89	3,875.68	3,122.21	3,576.94	298.74
	<b>Total</b>	<b>1,19,692.24</b>	<b>5,192.14</b>	<b>1,14,500.10</b>	<b>4,140.41</b>	<b>1,051.73</b>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

Note : In terms of the requirement as per RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 on Implementation of Indian Accounting Standards, Non-Banking Finance Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income Recognition, Asset Classification and Provisioning (IRACP) norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the corporation exceeds the total provision required under IRACP (including standard asset provisioning), as at 31st March 2023 and accordingly, no amount is required to be transferred to impairment reserve.

For the year ended 31st March 2022

(₹ Lakhs)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3)-(4)	(6)	(7) = (4)-(6)
<b>Performing Assets</b>						
Standard	Stage 1	99,679.78	478.79	99,200.99	398.72	80.07
	Stage 2	9,200.48	95.53	9,104.95	36.80	58.73
<b>Sub-Total</b>		<b>1,08,880.26</b>	<b>574.32</b>	<b>1,08,305.94</b>	<b>435.52</b>	<b>138.80</b>
<b>Non-Performing Assets (NPA)</b>						
Substandard	Stage 3	1,905.11	397.72	1,507.39	267.39	130.33
Doubtful - up to 1 year	Stage 3	1,095.91	700.65	395.26	521.22	179.43
1 to 3 years	Stage 3	297.37	194.76	102.61	154.60	40.16
More than 3 years	Stage 3	-	-	-	-	-
<b>Sub-Total for doubtful assets</b>		<b>1,393.28</b>	<b>895.41</b>	<b>497.87</b>	<b>675.82</b>	<b>219.59</b>
Loss	Stage 3	2,643.82	2,643.82	0.00	2,643.82	0.00
<b>Sub-Total for NPA</b>		<b>5,942.21</b>	<b>3,936.95</b>	<b>2,005.26</b>	<b>3,587.03</b>	<b>349.92</b>
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	-	-	-	-	-	-
<b>Sub-Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	Stage 1	<b>99,679.78</b>	<b>478.79</b>	<b>99,200.99</b>	<b>398.72</b>	<b>80.07</b>
	Stage 2	<b>9,200.48</b>	<b>95.53</b>	<b>9,104.95</b>	<b>36.80</b>	<b>58.73</b>
	Stage 3	<b>5,942.21</b>	<b>3,936.95</b>	<b>2,005.26</b>	<b>3,587.03</b>	<b>349.92</b>
	<b>Total</b>	<b>1,14,822.47</b>	<b>4,511.27</b>	<b>1,10,311.20</b>	<b>4,022.55</b>	<b>488.72</b>

49.6 In terms of RBI Circular RBI/2021-22/125 DOR/STR/REC.68/21.04.048/2021-22 dated 12 November 2021, on "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications", the Company has revised its process of NPA classification by flagging of the borrower accounts as overdue as part of the day-end process for the due date.

49.7 Disclosure pursuant to RBI notification RBI/2022-23/29 DOR.CRE.REC.No.25/03.10.001/2022-23 dated April 19, 2022  
Loans to Directors, Senior Officers and relatives of Directors

Particulars	31st March 2023		31st March 2022	
	Sanctioned during the year	Outstanding balance	Sanctioned during the year	Outstanding balance
Directors and their relatives	-	-	-	-
Entities associated with directors and their relatives	350.00	72.69	410.00	90.77
Senior Officers and their relatives #	2.00	6.38	-	9.17

# Sri S Venkatesh, resigned from the position of Company Secretary and Compliance Officer w.e.f. 6th March, 2023

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

49.8 Disclosures as required under guidelines on Scale Based Regulations for NBFCs issued by RBI by notification no. RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated 19th April 2022.

**1) Compliance with Scale Based Regulations ("SBR")**

The SBR was notified by the Reserve Bank of India ("RBI") effective 1st October 2022. The RBI has classified the Company as NBFC in Middle Layer ("ML"). We have ensured full compliance with various requirements prescribed under SBR for NBFC-ML within the specified timelines including adopting policy for enhanced regulatory framework, Policy on Internal Capital Adequacy Assessment Process ("ICAAP"), complying with exposure norms, setting limits for sensitive sector exposure etc.

**2) Exposure to real estate sector**

(₹ Lakhs)

Particulars	31st March 2023	31st March 2022
<b>i) Direct exposure</b>		
a) Residential Mortgages Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Exposure would also include non-fund based (NFB) limits.	-	-
b) Commercial Real Estate Lending secured by mortgages on commercial real estate (office buildings, retail space, multipurpose commercial premises, multifamily residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits.	-	-
c) Investments in Mortgage-Backed Securities (MBS) and other securitized exposures:		
i. Residential	-	-
ii. Commercial Real Estate	-	-
<b>ii) Indirect Exposure</b> Fund based and non-fund-based exposures on National Housing Bank and Housing Finance Companies	-	-
<b>Total Exposure to Real Estate Sector</b>	-	-

**3) Exposures to capital market**

(₹ Lakhs)

Particulars	31st March 2023	31st March 2022
i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt	111.47	75.09
ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds	-	-
iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	-	-
iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances	-	-
v) Secured and unsecured advances to stock brokers and guarantees issued on behalf of stock-brokers and market makers	-	-
vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
vii) Bridge loans to companies against expected equity flows / issues	-	-
viii) Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
ix) Financing to stockbrokers for margin trading	-	-
x) All exposures to Alternative Investment Funds:		
(i) Category I	-	-
(ii) Category II	-	-
(iii) Category III	-	-
<b>Total exposure to capital market</b>	<b>111.47</b>	<b>75.09</b>

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

4) Sectoral exposures

(₹ Lakhs)

Sectors	31st March 2023			31st March 2022		
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture and Allied Activities	3,136.00	107.45	3.43%	1,896.81	30.73	1.62%
2. Industry	-	-	-	-	-	-
3. Services	-	-	-	-	-	-
i. Transport Operators	94,265.86	5,377.30	5.70%	89,592.21	5,579.83	6.23%
ii. Others	-	-	-	-	-	-
Total of Services (i+ii)	94,265.86	5,377.30	5.70%	89,592.21	5,579.83	6.23%
4. Personal Loans	-	-	-	-	-	-
5. Others	22,290.37	1,513.14	6.79%	23,333.45	331.65	1.42%

5) Intra-group exposures

Particulars	31st March 2023	31st March 2022
i) Total amount of intra-group exposures	1,719.46	1,701.06
ii) Total amount of top 20 intra-group exposures	1,719.46	1,701.06
iii) Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers	1.44%	1.48%

6) Unhedged foreign currency exposures

Particulars	31st March 2023	31st March 2022
Details of Unhedged Foreign Currency Exposures	Nil	Nil
Policies to manage currency induced risk	Nil	Nil

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)**

(₹ Lakhs)

**7) Related Party Disclosures**

Related Party Items	Parent (as per ownership or control)		Promoter Group		Key Management Personnel		Directors		Relatives of Key Management Personnel		Others		Total	
	31st March 2023	31st March 2022	31st March 2023	31st March 2022	31st March 2023	31st March 2022	31st March 2023	31st March 2022	31st March 2023	31st March 2022	31st March 2023	31st March 2022	31st March 2023	31st March 2022
Balance Outstanding at the end of the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	-	-	571.25	435.97	-	-	-	-	1,035.00	735.00	-	-	1,606.25	1,170.97
Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Placement of deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances	-	-	1,586.84	1,567.31	6.38	9.17	-	-	-	-	902.90	951.51	2,498.12	2,572.99
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of fixed/other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of fixed/other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest received	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maximum Outstanding during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	-	-	563.25	373.76	-	-	-	-	875.00	575.00	-	-	1,438.25	948.76
Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Placement of deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances	-	-	1,500.00	1,500.00	-	-	-	-	-	-	850.00	850.00	2,350.00	2,350.00
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans and advances given (Asset)	-	-	350.00	410.00	-	-	-	-	-	-	-	-	350.00	410.00
Advance for Property, Plant and Equipment (Asset)	-	-	-	1,500.00	-	-	-	-	-	-	-	-	-	1,500.00
Loans and advances repaid (Asset)	-	-	350.00	410.00	-	-	-	-	-	-	-	-	350.00	410.00
Investment in NCD (Liability)	-	-	197.10	-	-	-	-	-	300.00	300.00	-	-	497.10	300.00
Investment in Preference Shares (Liability)	-	-	-	216.70	-	-	-	-	-	-	-	-	-	216.70
Rent Paid	-	-	-	-	-	-	117.53	-	-	-	-	-	117.53	-
Resource Mobilisation Charges	-	-	272.12	-	-	-	-	-	-	-	-	-	272.12	-



**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

**8) Disclosure of Complaints**

S. No	Particulars	31st March 2023	31st March 2022
	Complaints received by the NBFC from its customers	-	-
1	Number of complaints pending at beginning of the year	-	-
2	Number of complaints received during the year	486	-
3	Number of complaints disposed during the year	486	-
3.1	Of which, number of complaints rejected by the NBFC	-	-
4	Number of complaints pending at the end of the year	-	-
	Maintainable complaints received by the NBFC from Office of Ombudsman	-	-
5	Number of maintainable complaints received by the NBFC from Office of Ombudsman	-	-
5.1.	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	-	-
5.2	Of 5, number of complaints resolved through conciliation / mediation / advisories issued by Office of Ombudsman	-	-
5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	-
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

**9) Top five grounds of complaints received from customers**

Grounds of complaints, (i.e. complaints relating to) (1)	Number of complaints pending at the beginning of the year (2)	Number of complaints received during the year (3)	% increase/ decrease in the number of complaints received over the previous year (4)	Number of complaints pending at the end of the year (5)	Of 5, number of complaints pending beyond 30 days (6)
<b>31st March 2023</b>					
Ground - 1 - NOC Related	-	196	NA	-	-
Ground - 2 - Statement of Account (SOA) Related	-	72	NA	-	-
Ground - 3 - Process Related	-	57	NA	-	-
Ground - 4 - Settlement Related	-	46	NA	-	-
Ground - 5 - AHC Related	-	39	NA	-	-
Others	-	76	NA	-	-
Total	-	486		-	-

**Note :**

**Customer Complaints :** The Company has been maintaining the details for the Customer Complaints from October 2021 to 31st March 2022. Accordingly, the percentage for the figures (2023 vs 2022) are not strictly comparable. Further, the details of such complaints are not available for the Financial year ended 31st March 2021 and hence not disclosed.

**10) Breach of covenant**

There were no instances of default or breaches of covenant in respect of loan availed or debt securities issued during the financial years ended March 31, 2023 and March 31, 2022.

**11) Divergence in Asset Classification and Provisioning**

- a) The additional provisioning requirements assessed by RBI (or National Housing Bank(NHB) in the case of Housing Finance Companies) exceeds 5 % of the reported profits before tax and impairment loss on financial instruments for the reference period. Not applicable

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

- b) The additional Gross NPAs identified by RBI/NHB exceeds 5 per cent of the reported Gross NPAs for the reference period.

(₹ Lakhs)

5.No	Particulars	Amount
1	Gross NPAs as on March 31, 2022* as reported by the NBFC	5,942.21
2	Gross NPAs as on March 31, 2022 as assessed by the Reserve Bank of India/ NHB	6,643.10
3	Divergence in Gross NPAs (2-1)	700.89
4	Net NPAs as on March 31, 2022 as reported by the NBFC	2,005.26
5	Net NPAs as on March 31, 2022 as assessed by Reserve Bank of India/ NHB	2,552.15
6	Divergence in Net NPAs (5-4)	546.89
7	Provisions for NPAs as on March 31, 2022 as reported by the NBFC	3,936.95
8	Provisions for NPAs as on March 31, 2022 as assessed by Reserve Bank of India/ NHB	4,090.95
9	Divergence in provisioning (8-7)	154.00
10	Reported Profit before tax and impairment loss on financial instruments for the year ended March 31, 2022	2,326.41
11	Reported Net Profit after Tax (PAT) for the year ended March 31, 2022	951.88
12	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2022 after considering the divergence in provisioning (Refer note below)	951.88

\* March 31, 2022 is the close of the reference period in respect of which divergences were assessed.

Note : The adjusted notional net profit for the year ended 31st March 2022 is disclosed as the same as reported Net Profit After Tax despite the divergence in provisioning (as per IRACP) amounting to ₹ 154.00 Lakhs. This is in view of the fact that the Company as on 31st March 2022 is holding ₹ 488.72 Lakhs excess provision in Expected Credit Loss ("ECL") as per IND AS 109 compared to provisioning as per IRACP norms.

50. Disclosure under Regulations 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

(₹ Lakhs)

Particulars	31st March 2023	31st March 2022
a) Loans and advances in the nature of loans to subsidiaries	-	-
Name of the Company	-	-
Amount	-	-
b) Loans and advances in the nature of loans to associates	-	-
Name of the Company	-	-
Amount	-	-
c) Loans and advances in the nature of loans to firms/companies in which directors are interested		
ABT Industries Limited	30.97	-
Sakthi Foundation	37.13	81.76
Sudha Sanmarga Nilayam	4.59	9.01
d) Investments by the loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan.		

51. Disclosure under Regulation 53(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Debentures are secured by way of an exclusive mortgage of an immovable property of the Company in favour of Debenture Trustees, situated at 'GDA House', First Floor, Plot No.85, Bhusari Colony (Right), Paud Road, Pune.

52. Public Issue of Secured, Redeemable, Non-Convertible Debentures for ₹ 10,000 lakh

During April 2023, the Company made a Public Issue of Secured, Redeemable, Non-Convertible Debentures ("NCDs") of ₹ 1,000 each for an amount not exceeding ₹ 10,000 lakh, with an option to retain over-subscription for an amount not exceeding ₹ 10,000 lakh, aggregating ₹ 20,000 lakhs. The NCD issue opened on 17th April 2023 and closed on 28th April 2023 the scheduled closure date, The Company received a valid subscription for ₹ 14,686.04 lakh. The Company

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023**

made allotment of 14,68,604 NCDs aggregating ₹ 14,686.04 lakh to the eligible allottees on 8th May 2023. The NCDs have been listed and admitted for trading with BSE Limited with effect from 8th May, 2023. The entire proceeds of the NCD issue are being utilized for the objects stated in the NCD Prospectus.

**53. Disclosure under Code on Social Security, 2020**

The Code on Social Security, 2020 (the Code) has been enacted, which would impact contribution by the Company towards Provident Fund and Gratuity. The effective date from which changes are applicable is yet to be notified and the rules thereunder are yet to be announced. The actual impact on account of this change will be evaluated and accounted for when notification becomes effective.

**54. The Company does not fall under the definition of large corporate as per SEBI Circular SEBI/HO/DDHS/CIR/P/2018/144 dated 26th November 2018 and as such furnishing of necessary disclosures does not arise.**

**55. There were no whistle blower complaints received by the Company during the financial year ended March 31, 2023 and March 31, 2022. (Refer Note 21 of Board's Report and Refer Note 26(c) of Corporate Governance Report).**

**56. The Company has maintained proper books of accounts in electronic mode in servers physically located in India and further the Company has complied with the process of taking daily back-up of books of accounts as per Notification No. G.S.R. 624(E) dated 5th August 2023 issued by Ministry of Corporate Affairs.**

**57. There have been no events after the reporting date that require disclosure in these financial statements. The Board of Directors of the Company have recommended a dividend of 7% being ₹ 0.70 per share on the equity shares of the Company, for the year ended 31st March 2023 (₹0.60 per share - 31st March 2022) which is subject to approval of shareholders. Consequently the proposed dividend has not been recognised as a liability in the books in accordance with IND AS 10.**

**58. No fraud by the Company or on the Company has been noticed or reported in relation to the Financial Year 2022-23 and 2021-22.**

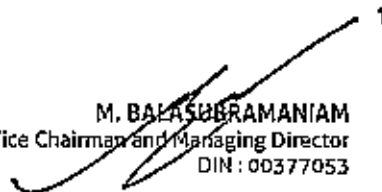
**59. Previous year figures have been regrouped, reclassified and rearranged, wherever necessary, to conform to current year presentation.**


As per our report attached  
For CSK Prabhu & Co.,  
Chartered Accountants  
Firm Regn. No. : 0024855



**MAHESH PRABHU**  
Partner  
Membership No. 214194  
Coimbatore  
26th May 2023



  
**M. BALASUBRAMANIAM**  
Vice Chairman and Managing Director  
DIN : 00377053

  
**C. SUBRAMANIAM**  
Company Secretary  
Membership No. FCS 6971

For and on behalf of the Board

  
**M. MANICKAM**  
Chairman  
DIN : 00102233

  
**SRINIVASAN ANAND**  
Chief Financial Officer  
Membership No. 020694

# CSK Prabhu & Co

## Chartered Accountants

Star Kisan Centre  
F4, 4th Floor, Krishnakwamy Mudakar Road  
Chinnestra-641002 India

email: cs@cskprabhu.com  
Telephone: 0422-263243/  
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### INDEPENDENT AUDITORS' REPORT

To the Members of Sakthi Finance Limited

Report on the Audit of the Financial Statements

#### Opinion

1. We have audited the Financial Statements of Sakthi Finance Limited ("the Company"), which comprise the balance sheet as at 31 March 2022, the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended and notes to the Financial Statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Financial Statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the Financial Statements.

#### Emphasis of Matter

4. We draw attention to Note 7(d) to the accompanying Financial Statements, which explains the estimation uncertainty relating to COVID-19 pandemic and management assessment of the probable material impact on the Company's operations and financial metrics, including the non-fulfilment of the obligations by the customers due to lockdown, extended moratorium allowed by Government and other restrictions related to Covid-19 situation. Our opinion is not modified in respect of this matter.

#### Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters.



## INDEPENDENT AUDITORS' REPORT

## Key Audit Matters (continued)

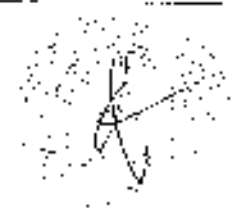
## Description of Key Audit Matter

Key Audit Matters	How our audit addressed the Key Audit Matter
<p data-bbox="197 432 489 463"><b>5.1 Asset Classification</b></p> <p data-bbox="186 493 733 858">Accuracy in identification and categorization of receivables from financing activities (loans) as performing and non-performing assets and in ensuring appropriate asset classification, existence and valuation of security/collaterals, income recognition, provisioning/ write-off thereof and completeness of disclosure including compliance with applicable guidelines/directions issued by Reserve Bank of India (RBI).</p> <p data-bbox="186 897 733 1094">As part of our risk assessment, we determined that accuracy of asset classification has bearing on the Financial Statements as a whole. Given the complexity of the matter, we determined this to be a Key Audit Matter.</p>	<p data-bbox="813 493 1382 554">Our Key Audit Procedures included the following:</p> <ul data-bbox="774 585 1382 1803" style="list-style-type: none"> <li data-bbox="774 585 1382 880">• We have assessed the systems and processes laid down by the company to appropriately identify and classify the receivables from financing activities including those in place to ensure appropriate asset classification, income recognition and provisioning/ write-off including non-performing assets, existence and valuation of security/collaterals as per applicable RBI guidelines/directions.</li> <li data-bbox="774 910 1382 1205">• The audit approach includes testing the existence and effectiveness of the control environment laid down by the management and conducting detailed substantive verification on selected samples of continuing and new transactions in accordance with the principles laid down in the Standards on Auditing and other guidance issued by the Institute of Chartered Accountants of India ("ICAI").</li> <li data-bbox="774 1236 1382 1371">• Agreements entered into regarding significant transactions including related to Loan Receivables have been examined to ensure compliance.</li> <li data-bbox="774 1402 1382 1537">• We have also reviewed the reports generated from management information systems, audit/ inspection reports issued by the internal auditors and RBI.</li> <li data-bbox="774 1568 1382 1703">• The impact of all significant external and internal events including those if any, subsequent to Balance Sheet date have been taken into consideration for the above purposes.</li> <li data-bbox="774 1734 1382 1803">• Compliance with material disclosure requirements prescribed by RBI guidelines and other statutory requirements have been verified.</li> </ul>



## INDEPENDENT AUDITORS' REPORT

Key Audit Matters	How our audit addressed the Key Audit Matter
<p data-bbox="192 316 746 382"><b>5.2 Impairment of Loans (Expected Credit Losses)</b> (Refer to the Accounting Policies in Note 2.f(v) to the Financial Statements and Note 46 of the Financial Statements).</p> <p data-bbox="192 404 746 502">Management's judgements in the calculation of impairment allowances have significant impact on the Financial Statements.</p> <p data-bbox="192 535 746 873">The estimates regarding impairment allowances are complex and require a significant degree of judgement, which increased with Expected Credit Loss ("ECL") model as required by Ind AS 109 relating to "Financial Instruments." Management is required to determine the expected credit loss that may occur over either a 12-month period or the remaining life of an asset, depending on the categorization of the individual asset.</p> <p data-bbox="192 906 746 939">The key areas of judgement include:</p> <ol data-bbox="192 950 746 1408" style="list-style-type: none"> <li>1. Categorization of loans into Stage 1, 2 and 3 based on identification of:               <ol data-bbox="223 1015 746 1168" style="list-style-type: none"> <li>a. Exposures with significant increase in credit risk since their origination and</li> <li>b. Individually impaired / default exposures and determination of Exposure at Default ("EAD").</li> </ol> </li> <li>2. Techniques used to determine Loss Given Default ("LGD") and Probability of Default ("PD") to calculate ECL.</li> <li>3. The impact of different forward-looking information including future macro-economic conditions in the determination of ECL.</li> </ol> <p data-bbox="192 1430 746 1703">These judgements require new models to be built and implemented to measure the expected credit losses on certain financial assets measured at amortized cost. Management has made a number of interpretations and assumptions when designing and implementing models that are compliant with the standards.</p> <p data-bbox="192 1736 746 1867">The accuracy of data flows and the implementation of related controls are critical for the integrity of the estimated impairment provisions.</p>	<p data-bbox="808 404 1393 469">Our Key Audit Procedures included the following:</p> <ul data-bbox="777 491 1393 1474" style="list-style-type: none"> <li>• We obtained understanding of management's assessment of impairment of loans including the Ind AS 109 implementation process, impairment allowance policy and ECL modelling methodology.</li> <li>• We assessed the design and implementation and tested the operating effectiveness of controls over the modelling process including governance over monitoring of the model and approval of key assumptions.</li> <li>• We also assessed the approach of the Company for categorization of the loans into various stages reflecting the inherent risk in the respective loans.</li> <li>• For a sample of financial assets, we tested the correctness of stage-wise categorization, reasonableness of PD, accuracy of LGD and ECL computation.</li> <li>• We also assessed the appropriateness of the impairment methodology adopted by the management including the possible impact of the uncertainties associated with the COVID-19 pandemic. This included assessing the appropriateness of key judgements. We tested the accuracy of key data inputs and calculations used in this regard.</li> </ul> <p data-bbox="777 1506 1393 1638">Based on the above work performed, management's assessment of impairment loss allowance and related disclosures are considered to be reasonable.</p>



**INDEPENDENT AUDITORS' REPORT**

In respect of accounts where moratorium benefits had been extended based on RBI's COVID-19 Regulatory Package, assessment of impairment further depends on the possible impact of uncertainties associated with the Covid-19 pandemic in applying the judgement and estimates relevant for the impairment model. In view of such high degree of Management's judgement involved in estimation of ECL, it is considered as a key audit matter.

**5.3 Information technology system**

The dependence of Information technology ("IT") system is run throughout the operating cycle of the company. Hence the reliability on Company's key financial accounting and reporting processes are tied with the effectiveness and efficiency of IT systems, IT controls over the voluminous transactions, process around such information systems and the usage of information from such systems. We observed that any probability of deficiencies in control over IT systems such as validation failures, incorrect input data, improper segregation of duties, unauthorized access to IT system, lack of monitoring may result in the financial accounts and report being misstated.

In view of the same, we have considered this as Key Audit Matter and had focus on IT systems and controls, user access management, segregation of duties, system reconciliation controls and system application controls due to the complexity of the IT environment, huge daily operational volume across numerous locations and the reliance on automated and IT dependent manual controls.

Our audit procedures focused on the following:

- IT infrastructure and applications relevant to the financial reporting.
- Evaluating the IT policy and procedures of the Company in accordance with accepted standards, guidelines, practices and External Information Security ("IS") Audit performed in respect thereof.
- Reviewing the organizational structure with job description, managerial policy and deployment of IT resources with respect to segregation of duties in IT environment to ensure that unauthorized data entry cannot take place and unauthorized programs are not allowed to run.
- The aspects covered in the IT systems General Control audit were:
  - (i) User Access Management
  - (ii) System maintenance control have been ensured by understanding the design and the operating effectiveness of such controls in the system;
- Understanding updates that were made to the IT landscape during the audit period and assessing the relevant information for financial reporting.
- Application level embedded controls have been reviewed by performing validation checks, test check on logical access controls, a run through test to ensure non-manipulation of transaction entered into the system and other compensatory controls, wherever applicable.



**INDEPENDENT AUDITORS' REPORT**

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**Information other than the Financial Statements and auditor's report thereon**

6. The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report, but does not include the Ind AS Financial Statements and our auditors' report thereon.
7. The other information is expected to be made available to us after the date of this auditors' report. Our opinion on the Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.
8. In connection with our audit of the Ind AS Financial Statements, our responsibility is to read the other information identified above when it becomes available and in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.
9. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the relevant laws and regulations.

**Management's and Board of Directors' Responsibilities for the Ind AS Financial Statements**

10. The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the Financial position, Financial performance including Other Comprehensive Income, Changes in Equity and Cash Flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended.
11. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
12. In preparing the Financial Statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.
13. The Board of Directors is also responsible for overseeing the Company's financial reporting process





**INDEPENDENT AUDITORS' REPORT**

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**Auditor's Responsibilities for the Audit of the Ind AS Financial Statements**

14. Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.
15. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to Financial Statements in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and Board of Directors.
  - Conclude on the appropriateness of management's and Board of Directors' use of the going concern basis of accounting in preparation of Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
16. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



**INDEPENDENT AUDITORS' REPORT**

**Auditor's Responsibilities for the Audit of the Ind AS Financial Statements (continued)**

17. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.
18. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

19. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
20. (A) As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - e. On the basis of the written representations received from the directors as on 31 March 2022, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.
  - f. With respect to the adequacy of the internal financial controls with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report.
20. (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - a) The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its Financial Statements - Refer Note 33 to the Ind AS Financial Statements.



**INDEPENDENT AUDITORS' REPORT**

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- b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- c) There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund ("IEPF") by the Company except for ₹ 500 that has not been transferred to IEPF for the reason described in Note 18 to the Ind AS Financial Statements.
- d) (i) The Management has represented that, to the best of its knowledge and belief, as disclosed in Note 37(i) to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.  
  
(ii) The Management has also represented that, to the best of its knowledge and belief, as disclosed in Note 37(j) to the accounts, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.  
  
(iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material mis-statement.
- e) (i) The Equity dividend recommended in the previous year, declared and paid by the Company during the current year, is in accordance with Section 123 of the Act, to the extent it applies to declaration and payment of dividend.  
  
(ii) The interim dividend declared and paid by the Company on Redeemable Cumulative Preference Shares during the current year, is in accordance with Section 123 of the Act, to the extent it applies to declaration and payment of dividend.  
  
(iii) As stated in Note 57 to the Ind AS Financial Statements, the Board of Directors of the Company have recommended an equity dividend for the year, which is subject to the approval of the members at the ensuing Annual General Meeting. Such equity dividend recommended by the Board of Directors is in accordance with Section 123 of the Act, to the extent it applies to declaration of dividend.



**INDEPENDENT AUDITORS' REPORT**

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**Report on Other Legal and Regulatory Requirements (continued)**

20. (C) With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid/provided by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid/provided to directors is within the limits laid down under Section 197 of the Act.

for CSK Prabhu & Co.  
Chartered Accountants  
Firm's Registration No: 0024855

  
CSK Prabhu  
Partner

Membership No: 019811  
UDIN: 22019811AT.RT.SF01519

Coimbatore  
24 May 2022

**Sakthi Finance Limited**  
**Annexure A to the Independent Auditors' Report**

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

With reference to the Annexure A referred to in the Independent Auditors' Report to the members of the Company on the Financial Statements for the year ended 31 March 2022, we report the following:

- (i) (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and Investment Properties.
- (B) The Company is maintaining proper records showing full particulars of Intangible Assets.
- (b) On the basis of our examination of the records of the Company, Property, Plant and Equipment have been physically verified by the management at reasonable intervals and further no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable.
- (c) On the basis of our examination of the records of the Company and conveyance deeds/lease agreements and such other documents provided to us, the title deeds of all the immovable properties, disclosed in the Financial Statements, are held in the name of the company. In respect of immovable properties taken on lease and disclosed as right-of-use assets in the Financial Statements, the lease agreements are in the name of the company.
- (d) On the basis of our examination of the records of the Company, the Company has not revalued its property, plant and equipment (including right of use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings that have been initiated or are pending against the Company as at 31 March 2022 for holding any benami property under the Benami Transactions (Prohibition) Act 1988 (45 of 1988) and the rules made thereunder. Refer Note 37(d) to the Ind AS Financial Statements.
- (ii) (a) The Company is in the business of providing loans and does not have any physical inventories. Accordingly, the provision of Clause 3(ii)(a) of the Order is not applicable.
- (b) During the year, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of the security of current assets (HP Loan/Finance Receivables). Based on our examination of the records of the Company, the applicable quarterly returns or statements filed by the company with such banks or financial institutions are in agreement with the books of account of the Company.
- (iii) (a) The Company is registered with Reserve Bank of India under Section 45-IA as a Non-Banking Financial Company and its principal business is to give loans. Therefore, the provisions of Clause (ii)(a)(A) and Clause (iii)(a)(B) of the order are not applicable.
- (b) In our opinion and according to the information and explanations given to us, wherever applicable, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the company's interest.



- (c) On the basis of our examination of the records of the Company, in our opinion, in respect of loans and advances in the nature of loans given, the schedule of repayment of principal and payment of interest has been stipulated. Since the Company is a Non-Banking Financial Company ("NBFC") registered with Reserve Bank of India ("RBI") and carrying on the principal business of giving loans to customers, and in view of the voluminous nature of loan transactions generated in the normal course of the Company's business, it is not practicable to furnish the entity-wise details of the loan amount, due date for payment and extent of delay (as suggested in the Guidance Note on CARO 2020 issued by the Institute of Chartered Accountants of India for reporting under this clause) and hence have not been reported. Further, except for loans where there are delays or defaults in repayment of principal and/or interest as at the balance sheet date, in respect of which the Company has disclosed the loan asset classification/staging in Note 50.5 to the Ind AS Financial Statements in accordance with the Indian Accounting Standards (Ind AS) and the guidelines issued by the RBI, the parties are repaying the principal amounts, as stipulated and are also regular in payment of interest, as applicable.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is a Non-Banking Financial Company ("NBFC") registered with Reserve Bank of India ("RBI") and carrying on the principal business of giving loans and the same are as per the loan agreements entered into with the borrowers and there are amounts of Principal and Interest overdue for more than ninety days, in respect of such loans and advances in the nature of loans given. Such amounts overdue for more than ninety days in loan account receivables are identified and disclosed by the Company as Stage-3/ Non-Performing Assets ("NPAs"), in accordance with the provisions of the applicable Accounting Standards and in accordance with the relevant guidelines of RBI respectively. The Company has explained to us that reasonable steps have been taken by the company for recovery of the principal and interest and the relevant Reserve Bank of India ("RBI") Guidelines/Directions have been followed in this respect. The overdue position as at 31 March 2022 is as follows: Number of such Overdue Receivables is 2,229 cases, Principal Amount Overdue is Rs.3,738.65 Lakhs, Interest Amount Overdue is Rs.778.13 Lakhs, and Total Amount Overdue is Rs.4,516.78 Lakhs.
- (e) Since the Company's principal business is to give loans, reporting under Clause (iii)(e) of the order is not applicable.
- (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment excepting for staff loans/advances which are granted without specifying any terms or period of repayment. The aggregate amount of such loans as at 31st March 2022 stood at Rs.92.48 lakhs (Previous Year Rs.96.62 lakhs) representing 0.001% (Previous Year 0.001%) to the Total Loans granted. There were no loans granted to Promoters, Related Parties as defined in Clause (76) of Section 2 of the Act which are repayable on demand or without specifying any terms or period of repayment, excepting for receivables as explained by the management to be in the ordinary course of business of the Company and not in the nature of loans.

**Sakti Finance Limited****Annexure A to the Independent Auditors' Report**

- (iv) According to the information and explanation given to us, the Company has not granted any loans, made investments or provided guarantees in contravention of provisions of Section 185 of the Act. The Company has complied with the provisions of Section 186(1) of the Act; the other provisions of Section 186 of the Act are not applicable to the Company.
- (v) In our opinion and according to the information and explanations given to us, the company is a Deposit taking Non-Banking Financial Company ("NBFC") registered with Reserve Bank of India. In respect of the deposits accepted by the company or amounts which are deemed to be deposits, the company has complied with the directions issued by the Reserve Bank of India. The provisions of Section 73 to 76 of the Act, and any other relevant provisions of the Act and the rules made thereunder with regard to deposits accepted from the public are not applicable to the company. We are informed by the management that no order has been passed by National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the company in respect of the aforesaid deposits.
- (vi) The maintenance of cost records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act for the activities of the company. Accordingly, Clause 3(vi) of the Order is not applicable.
- (vii) (a) In our opinion and according to the information and explanations given to us and based on the records examined by us, the Company is regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, as applicable with the appropriate authorities. There are no arrears of outstanding statutory dues as on the last day of the financial year for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no statutory dues relating to GST, Provident Fund, Employees State Insurance, Income-Tax, Sales Tax, Service Tax, Duty of Customs, duty of excise, Value Added Tax or Cess or other statutory dues, as applicable, which have not been deposited on account of any dispute, except as mentioned below:

Name of the statute	Nature of dues	Amount* (₹ In Lakhs)	Period which amount relates (Financial Year)	to the	Forum where dispute is pending
Income Tax Act, 1961	Income tax	9.83	2014-12		Assessing Officer
Income Tax Act, 1961	Income tax	217.16	2015-16		Commissioner of Income Tax (Appeals)



**Sakthi Finance Limited**

**Annexure A to the Independent Auditors' Report**

Finance Act, 1994	Service tax	1328.29 (Gross Demand 1426.92 Less: Amount deposited under protest 98.63)	October 2009 to September 2014	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
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- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, we report that there are no transactions that are previously not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, the requirement to report on Clause 3(viii) of the Order is not applicable.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared as wilful defaulter by any bank or financial institution or other lender or government or government authority.
- (c) In our opinion and according to the information and explanations given to us by the management, the term loans were applied for the purpose for which the loans were obtained.
- (d) According to the information and explanations given to us and the procedures performed by us and on an overall examination of the Financial Statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) On an overall examination of the Financial Statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures during the year. The Company does not have any subsidiaries, associates or joint ventures to report.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies as the Company does not have subsidiaries, associates or joint ventures. Hence, the requirement to report on Clause 3(x)(1) of the Order is not applicable.
- (x) (a) The Company has raised moneys by way of further public offer of Non-Convertible Debentures during the current financial year. According to the information and explanations given to us and on the basis of our examination of the records of the Company, we report that the company has utilized such moneys raised for the purpose for which the funds were raised.
- (b) The Company has not made any preferential allotment of shares or convertible debentures (fully, partially or optionally convertible) during the year. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has made private placement of preference shares during the year and the requirements of Section 42 and Section 62 of the Act, have been complied with. Such funds raised by way of preference shares during the year have been used for the purposes for which the funds were raised.





- (xi) (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we report that no fraud by the Company or no fraud on the Company has been noticed or reported during the course of the audit.
- (b) During the year and up to the date of this report, no report under Section 143(12) of the Act has been filed by secretarial auditor or by the predecessor auditors or by us in Form ADT - 4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) According to information and explanations given to us and as represented to us by the management, there were no whistle blower complaints received by the Company during the year which are to be considered while determining the nature, timing and extent of our audit procedures.
- (xii) The Company is not a Nidhi Company. Accordingly, Clause 3(vii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the Financial Statements, as required by the applicable accounting standards. (Refer Note 44 of Ind AS Financial Statements)
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered all the internal audit reports issued to the Company for the period under audit.
- (xv) According to the information and explanations given to us and in our opinion, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. Accordingly, Clause 3(xv) of the Order is not applicable.
- (xvi) (a) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the registration thereunder has been obtained by the Company as Non-Banking Financial Company-Deposit-taking, Investment and Credit Company.
- (b) According to the information and explanations given to us, the company has not conducted any Non-Banking Financial activities without a valid Certificate of Registration ("CoR") from the Reserve Bank of India as per the Reserve Bank of India Act, 1934, wherever applicable. The Company has not conducted any Housing Finance activities.
- (c) According to the information and explanations given to us, the Company is not a Core Investment Company ("CIC") as defined in the regulations made by the Reserve Bank of India. Accordingly, Clause 3(xvi)(c) of the Order is not applicable.
- (d) According to the information and explanations provided to us during the course of audit, the Group does not have any CICs as part of the Group.
- (xvii) The Company has not incurred cash losses during the current financial year covered by our audit and in the immediately preceding financial year.




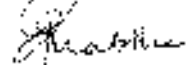
## CSK Prabhu & Co

### Sakthi Finance Limited

#### Annexure A to the Independent Auditors' Report

- (xviii) During the year, the previous statutory auditors of the Company have resigned pursuant to the requirements of the Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021, issued by the Reserve Bank of India, and there are no issues, objections or concerns raised by the outgoing auditors.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities (Refer Note 39 and Note 46 (Liquidity Risk) to the Ind AS Financial Statements), other information accompanying the Financial Statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) On the basis of information and explanations given to us by the Company, in respect of other than on-going projects, as at balance sheet date, the Company has no unspent amounts that are required to be transferred to a Fund specified in Schedule VII to the Act, within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of Section 135 of the said Act.
- (b) On the basis of information and explanations given to us by the Company, the Company has no ongoing projects as at the balance sheet date. The Company has no amounts remaining unspent under sub-section (5) of Section 135 of the Companies Act, requiring to be transferred to special account in compliance with the provision of sub-section (6) of Section 135 of the Act (Refer Note 38 to the Ind AS Financial Statements).
- (xxi) According to information and explanations given to us, the company does not have any Subsidiary/Associate/Joint Venture and therefore is not required to prepare and present consolidated Financial Statements pursuant to the provisions of any statute. Accordingly reporting under clause (xxi) of para 3 of the Order is not applicable.

Coimbatore  
24 May 2022

for CSK Prabhu & Co  
Chartered Accountants  
Firm's Registration No: 0024855  
  
  
CSK Prabhu  
Partner  
Membership No: 019811  
UIN: 22019811ALRLSD1519

**Sakti Finance Limited**

**Annexure B to the Independent Auditors' Report**

**Report on the Internal Financial Controls under Clause (l) of sub-section 3 of Section 143 of the Act**  
(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

**Opinion**

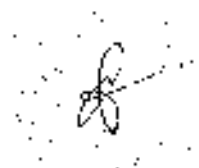
1. We have audited the internal financial controls with reference to Financial Statements of Sakti Finance Limited ("the Company") as at 31 March 2022 in conjunction with our audit of the Financial Statements of the Company as at and for the year ended on that date.
2. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to Financial Statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

**Management's and Board of Directors' Responsibilities for Internal Financial Controls**

3. The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Act.

**Auditors' Responsibility**

4. Our responsibility is to express an opinion on the Company's internal financial controls with reference to Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to Financial Statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Financial Statements were established and maintained and whether such controls operated effectively in all material respects.
5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Financial Statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.



**Sakshi Finance Limited**

**Annexure B to the Independent Auditors' Report**

**Auditors' Responsibility (continued)**

6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to Financial Statements.

**Meaning of Internal Financial Controls with Reference to Financial Statements**

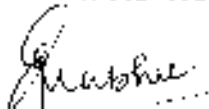
7. A company's internal financial controls with reference to Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to Financial Statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Financial Statements.

**Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

8. Because of the inherent limitations of internal financial controls with reference to Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Financial Statements to future periods are subject to the risk that the internal financial controls with reference to Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Coimbatore  
21 May 2022

for CSK Prabhu & Co  
Chartered Accountants  
Firm's Registration No: 0024855

  
CSK Prabhu  
Partner  
Membership No: 019811  
UDIN: 22019811A1RLSD1519

**SAKTHI FINANCE LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH 2022**

Particulars	Note	₹ Lakhs	
		As at 31st March 2022	As at 31st March 2021
<b>ASSETS</b>			
<b>Financial Assets</b>			
Cash and cash Equivalents	3	1,449.51	1,564.11
Bank Balances other than Cash and cash Equivalents	4	1,129.31	375.79
Derivative Financial Instruments		-	-
Receivables	5		
(i) Trade Receivables		169.25	182.41
(ii) Other Receivables		16.56	3.52
Loans	6	1,10,311.20	1,09,353.73
Investments	7	2,487.88	2,668.28
Other Financial Assets	8	1,712.91	1,830.43
<b>Non-Financial Assets</b>			
Current tax Assets (net)		17.40	-
Deferred tax Assets (net)	9	217.94	-
Investment Property	10	275.21	279.81
Property, Plant and Equipment	11 (a)	5,946.63	6,122.29
Right of use assets	11 (b)	1,093.60	1,070.50
Intangible Assets under development	11 (c)	-	86.27
Other Intangible Assets	11 (d)	179.46	102.57
Other Non-Financial Assets	12	1,936.14	335.71
<b>Total Assets</b>		<b>1,26,943.00</b>	<b>1,23,775.62</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial Liabilities</b>			
Payables	13		
(i) Trade Payables			
(i) Total outstanding dues of micro enterprises and small enterprises		0.28	3.26
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		127.76	140.62
(ii) Other Payables			
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		175.13	151.48
Debt Securities	14	41,560.04	28,711.26
Borrowings (Other than debt securities)	15	15,565.69	23,059.16
Deposits	16	8,540.00	17,086.35
Subordinated Liabilities	17	39,530.77	33,480.06
Other Financial Liabilities	18	1,426.14	1,672.37

**BALANCE SHEET AS AT 31ST MARCH 2022 (CONTD...)**

(₹ Lakhs)

Particulars	Note	As at 31st March 2022	As at 31st March 2021
<b>Non-Financial Liabilities</b>			
Current tax Liabilities (net)		-	47.29
Provisions	19	<b>122.65</b>	118.09
Deferred tax Liabilities (net)	20	-	39.48
Other Non-Financial Liabilities	21	<b>99.55</b>	68.47
<b>EQUITY</b>			
Equity Share Capital	22	<b>6,470.59</b>	6,470.59
Other Equity	23	<b>13,323.80</b>	12,726.94
<b>Total Liabilities and Equity</b>		<b>1,26,943.00</b>	<b>1,23,775.42</b>
The accompanying Notes form an integral part of the Financial Statements	1-59		

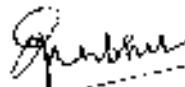
See accompanying Notes to the Financial Statements

As per our report of even date

For CS. C. Prabhu &amp; Co

Chartered Accountants

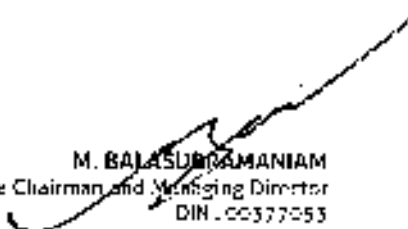
Firm Regn. No.: 0024855

  
**CS. C. PRABHU**  
 Partner  
 Membership No. 019811





Place : Coimbatore  
 Date : 24th May 2022

For and on behalf of the Board

  
**M. BALASUBRAMANIAM**  
 Vice Chairman and Managing Director  
 DIN : 00377053

  
**M. MANICKAM**  
 Chairman  
 DIN : 00102233

  
**S. VENKATESH**  
 Company Secretary and  
 Chief Compliance Officer  
 FCS 7012

  
**SRINIVASAN ANAND**  
 Chief Financial Officer  
 Membership No. 020694

**SAKTHI FINANCE LIMITED**
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2022**

(₹ Lakhs)

Particulars	Note	For the year ended 31st March 2022	For the year ended 31st March 2021
<b>REVENUE FROM OPERATIONS</b>			
Interest Income	24	17,566.97	16,597.96
Rental Income		29.62	3.52
Fees and Commission Income	25	321.49	313.23
Sale of power from Wind Mills	26	177.88	181.07
Recovery of Bad Debts		37.75	37.01
<b>Total Revenue from operations</b>		<b>18,133.71</b>	<b>17,132.79</b>
Other Income	27	1.40	0.87
<b>Total Income</b>		<b>18,135.11</b>	<b>17,133.66</b>
<b>Expenses</b>			
Finance Costs	28	10,775.85	10,552.96
Fees and commission expense		183.02	188.08
Impairment on financial instruments	29	1,034.37	787.71
Employee Benefits Expense	30	2,895.60	2,604.20
Depreciation and Amortization Expense	31	491.07	421.70
Other Expenses	32	1,463.16	1,341.57
<b>Total Expenses</b>		<b>16,843.07</b>	<b>15,876.22</b>
<b>Profit before Exceptional and Extraordinary Items and Tax</b>		<b>1,292.04</b>	<b>1,257.44</b>
Exceptional Items		-	-
<b>Profit before Tax</b>		<b>1,292.04</b>	<b>1,257.44</b>
<b>Tax Expense:</b>		<b>340.16</b>	<b>351.65</b>
- Current Tax		601.09	508.42
- Deferred Tax		(260.93)	(176.77)
<b>Profit for the year</b>		<b>951.88</b>	<b>925.79</b>
<b>Other Comprehensive Income</b>			
<b>(A) Items that will not be reclassified to profit or loss</b>			
- Fair value changes in Equity Instruments		22.78	11.94
- Actuarial Changes in Defined benefit obligation		13.95	2.19
- Income Tax relating to items that will not be reclassified to profit or loss		(3.51)	(0.55)
<b>Sub Total (A)</b>		<b>33.22</b>	<b>13.58</b>
<b>(B) Items that will be reclassified to profit or loss</b>			
<b>Total Other Comprehensive Income (A+B)</b>		<b>33.22</b>	<b>13.58</b>
<b>Total Comprehensive Income</b>		<b>985.10</b>	<b>939.37</b>
<b>Earnings per Equity Share</b>			
Face Value per Equity Share (₹)		10.00	10.00
- Basic (₹)		1.52	1.45
- Diluted (₹)		1.52	1.45

The accompanying Notes form an integral part of the financial statements.

1-59

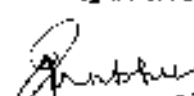
See accompanying Notes to the Financial Statements

As per our report of even date

For CSK Prabhu &amp; Co.,

Chartered Accountants

Firm Regn. No. : 0024885


**CSK PRABHU**

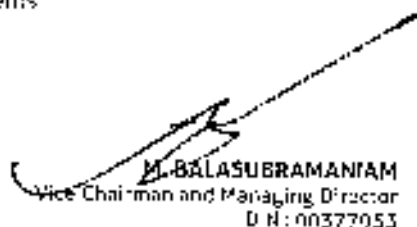
Partner

Membership No. 019612

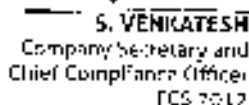


Place: Coimbatore

Date : 24th May 2022



**M. BALASUBRAMANIAM**  
Vice Chairman and Managing Director  
D.N. : 00377053



**S. VENKATESH**  
Company Secretary and  
Chief Compliance Officer  
FCS 7017

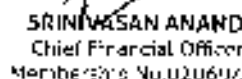
For and on behalf of the Board



**M. MANICKAM**

Chairman

DIN : 00102244



**SRINIVASAN ANAND**  
Chief Financial Officer  
Membership No.020692

**SAKTHI FINANCE LIMITED**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2022**

**A. EQUITY SHARE CAPITAL - (Issued, Subscribed and fully paid-up) (Refer Note 22)**

Particulars	(₹ Lakhs)	
	As at 31st March 2022	As at 31st March 2021
Balance at the beginning of the current reporting period	6,470.59	6,470.59
Changes in Equity Share Capital due to prior period errors	-	-
Restated Balance at the beginning of the current reporting period	6,470.59	6,470.59
Changes in equity share capital, during the current year	-	-
Balance at the end of the current reporting period	6,470.59	6,470.59

**B. OTHER EQUITY (Refer Note 23)**

Particulars	Equity component of compound financial instrument		Reserves and Surplus				Items of Other Comprehensive Income						Total				
	Share application money pending allotment	Equity financial instruments	Capital Reserve	Securities Premium	General Reserve	Other Reserves (as per Section 85B of 2003)	Retained Earnings	Subsidiaries (Transferred) Income	Transferred Other Comprehensive Income	Equity Instruments (Transferred) Income	Comprehensive Income (Transferred) Income	Effective portion of Cash Flow Hedges		Revaluation Surplus	Exchange Differences on translating the financial statements of a foreign operation	Actuarial changes in defined benefit obligations	Money received against share warrants
Balance at the beginning of the current reporting period 31st April 2021	-	-	52.61	1,439.80	4,436.00	3,352.67	3,478.91	-	-	[36.98]	-	-	-	-	13.93	-	12,726.94
Changes in accounting policy/ prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	52.61	1,439.80	4,436.00	3,352.67	3,478.91	-	-	[36.98]	-	-	-	-	13.93	-	12,726.94
Total Comprehensive Income for the year	-	-	-	-	-	150.38	951.88	-	-	22.78	-	-	-	-	0.44	-	985.10
Dividends	-	-	-	-	-	-	(108.24)	-	-	-	-	-	-	-	-	-	(388.24)
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Statutory Reserve	-	-	-	-	-	150.38	(190.38)	-	-	-	-	-	-	-	-	-	-
Issue Expenses on 'preferential issue of Equity Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31st March 2022	-	-	52.61	1,429.80	4,436.00	3,543.05	3,857.17	-	-	[14.10]	-	-	-	24.37	-	-	13,313.80



(2) Previous reporting period (1st April-2020 TO 31st March 2021)

₹ Lakhs

Particulars	Share application money pending allotment	Equity component of compound financial instrument	Reserves and Surplus				Items of Other Comprehensive Income						Money received against loans	Total
			Capital Reserve	Surplus Premium	General Reserve	Other Reserves (as per Section 205 of 2013)	Retained Earnings	Debt Reserves through Other Comprehensive Income	Equity Investments through Other Comprehensive Income	Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus		
Balance at the beginning of the current reporting period 1st April 2020	-	-	52.61	1,430.92	4,436.00	3,167.51	3,126.52	(48.92)	-	-	-	-	12.30	12,176.94
Changes in accounting policy of prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	52.61	1,430.92	4,436.00	3,167.51	3,126.52	(48.92)	-	-	-	-	12.30	12,176.94
Term, Comprehensive Income for the year	-	-	-	-	-	-	321.79	-1.94	-	-	-	-	1.62	939.36
Dividends	-	-	-	-	-	-	(588.24)	-	-	-	-	-	-	(588.24)
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Statutory Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share Expenses in Preferential Issue of Equity Shares	-	-	-	(1.12)	-	-	185.19	-	-	-	-	-	-	(1.12)
Balance as at 31st March 2021	-	-	52.61	1,439.80	4,436.00	3,352.67	3,478.91	(36.90)	-	-	-	-	13.93	12,726.94

See accompanying Notes to the Financial Statements

As per our report of even date

For CSK Prabhu & Co.,

Chartered Accountants

Firm Regn. No. : 0024855

  
**CSK PRABHU**  
 Partner

Membership No. 019811

For and on behalf of the Board



**M. MANICKAM**

Chairman

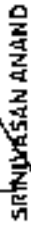
DIN : 00102233



**M. BALASUBRAMANIAM**

Vice Chairman and Managing Director

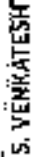
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**SRI NIVASAN ANAND**

Chief Financial Officer

Membership No.0200894



**S. VENKATESH**

Company Secretary and

Chief Compliance Officer

FCs 7012

Place : Coimbatore

Date : 24th May 2022

**SAKTHI FINANCE LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2022**

(₹ Lakhs)

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
<b>A. Cash flow from Operating activities</b>		
Profit before tax	1,292.04	1,257.44
<b>Adjustment to reconcile profit before tax to net cash flows :</b>		
<b>Non-cash expenses</b>		
Depreciation, amortisation	491.07	421.70
Impairment on Loan Assets	878.54	641.18
Bad debts and write-offs	157.35	166.76
Remeasurement gain/(loss) on defined benefit plans	13.95	2.29
Impairment on investments	3.17	3.46
Impairment on Trade receivables	(4.69)	(23.69)
Amortization of fees and Commission on financial liabilities	268.34	273.89
<b>Income/expenses considered separately</b>		
Income from investing activities	(577.04)	(252.83)
Net gain/loss on derecognition of property, plant and equipment	0.12	0.22
Finance costs	10,775.85	10,532.06
<b>Operating profit before working capital changes</b>	<b>13,498.70</b>	<b>13,023.28</b>
<b>Movements in Working Capital:</b>		
Decrease/(increase) in loans	(1,993.36)	(3,115.49)
Decrease / (increase) in Trade receivables	17.85	78.64
Decrease / (increase) in other receivables	(13.04)	5.17
Decrease / (increase) in other financial assets	134.35	344.83
Decrease / (increase) in other non-financial assets	(1,587.65)	(69.53)
Increase / (decrease) in Trade Payables	(15.84)	(23.75)
Increase / (decrease) in Other Payables	23.65	49.49
Increase / (decrease) in other financial liabilities	(300.77)	63.21
Increase / (decrease) in other non- financial liabilities	31.09	(23.42)
Increase / (decrease) in Provisions	4.56	(3.64)
<b>Cash generated from operations</b>	<b>(3,699.16)</b>	<b>(2,694.49)</b>
Income taxes paid (net of refunds)	(665.78)	(424.34)
Interest received on Bank deposits	150.80	31.66
Finance costs paid	(9,082.00)	(9,296.71)
<b>Net Cash flows from / (used in) operating activities (A)</b>	<b>210.56</b>	<b>639.40</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment and intangible assets	(324.69)	(140.66)
Proceeds from sale of investments at amortised cost	200.00	-
Proceeds from sale of property, plant and equipment and intangible assets	0.03	0.35
Interest income received from investment at amortised cost	218.24	221.17
Increase in earmarked balances with banks	(753.57)	93.80
<b>Net cash flows from / (used in) investing activities (B)</b>	<b>(659.94)</b>	<b>174.46</b>

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2022 (CONTD...)**

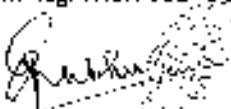
₹ Lakhs

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue Expense of Debt Securities / Equity Shares	(12.78)	56.48
Proceeds from borrowings through debt securities	18,779.68	13,474.41
Repayment of borrowings through debt securities	(5,990.96)	(16,277.81)
Proceeds from borrowings through Deposits	-	702.12
Repayment of borrowings through Deposits	(8,601.79)	(2,738.22)
Proceeds from borrowings other than debt securities		5,600.00
Repayment of borrowings other than debt securities	(3,528.23)	(3,870.19)
Proceeds from borrowings through subordinated liabilities	5,090.47	3,537.70
Repayment of borrowings through subordinated liabilities	(763.89)	(831.21)
(Increase) / decrease in loan repayable on demand	(4,050.93)	25.04
Lease liability paid	1.45	(152.62)
Dividend paid	(388.24)	(388.24)
<b>Net cash flows from financing activities (C)</b>	<b>534.78</b>	<b>(562.54)</b>
Net increase/(decrease) in cash and cash equivalents (A+B+C)	85.40	251.32
Cash and cash equivalents at the beginning of the year	1,364.11	1,112.79
<b>Cash and cash equivalents as at the year ended</b>	<b>1,449.51</b>	<b>1,364.11</b>
<b>Net cash provided by / (used in) Operating Activities includes:</b>		
Interest received	17,189.93	16,545.13
Interest paid	(9,082.00)	(9,296.71)
<b>Net cash provided by / (used in) operating activities</b>	<b>8,107.93</b>	<b>7,048.42</b>
<b>Cash and cash equivalents at the end of the year:</b>		
i) Cash in hand	270.41	714.34
ii) Cheques on hand	48.71	540.37
iii) Balances with banks (if the nature of cash and cash equivalents)	1,130.39	109.40
<b>Total</b>	<b>1,449.51</b>	<b>1,364.11</b>


The above Cash Flow Statement has been prepared under the indirect method as set-out in and As / "Statement of Cash Flows"


See accompanying Notes to the Financial Statements

As per our report of even date  
For CSK Prabhu & Co.,  
Chartered Accountants  
Firm Regn. No.: 0024255


  
CSK PRABHU  
Partner  
Membership No. 0199211


Place : Coimbatore  
Date : 24th May 2022

  
M. BALASUBRAMANIAM  
Vice Chairman and Managing Director  
DIN : 00377063

  
S. VENKATESH  
Company Secretary and  
Chief Compliance Officer  
FCS 7012

For and on behalf of the Board

  
M. MANICKAM  
Chairman  
DIN : 00102223

  
SRINIVASAN ANAND  
Chief Financial Officer  
Membership No. 0700194

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

### 1. Company Overview

Sakthi Finance Limited ("SFL" or "the Company") is a public limited Company having its Registered Office at 62, Dr. Nanjappa Road, Coimbatore, Tamilnadu - 641018.

The Company is a deposit-taking Non-Banking Financial Company ("NBFC") registered with Reserve Bank of India ("RBI") vide certificate No. U7-00252 dated 8th May 1998. By virtue of RBI Circular dated 22nd February 2019, the Company has been classified as an NBFC Investment and Credit Company (NBFC-ICC). The Company mainly is engaged in the business of Hire Purchase Financing for Commercial Vehicles, Infrastructure Equipment, Machineries, etc. The Equity Shares and Non-Convertible Debentures of the Company are listed on BSE Limited.

The Board of Directors have at their meeting held on 24th May 2022, approved the Financial statements of the Company for the year ended 31st March 2022.

### 2. Significant Accounting Policies

#### a. Basis of preparation

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules 2015 (as amended from time to time) and the relevant provisions of the Act as applicable. Master Direction - Non Banking Financial Company - Systematically Important Non-Deposit taking Company and Deposit taking company (Reserve Bank) Directions 2016 ("the NBFC Master Directions") and the notification for implementation of Indian Accounting

Standards vide circular RBI/2019-20/1700 OR(NBFC), CC.PD.No.109/22.10.106/2019-20 dated 13th March 2020 ("RBI Notification for Implementation of Ind AS") issued by RBI.

The financial statements have been prepared on a going concern basis and on historical cost convention, except for certain financial instruments that are measured at Fair Values Through Other Comprehensive Income ("FVTOCI") at the end of each reporting period. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

The regulatory disclosures as required by NBFC Master Directions to be included in the Notes forming an integral part of the financial statements are prepared as per RBI Notification for Implementation of Ind AS dated: 13th March 2020.

#### b. Presentation of Financial Statements

The company presents its balance sheet in the order of liquidity. Financial statements of the Company are prepared and presented in the format prescribed in the Division III of Schedule III to the Act applicable to

NBFCs, as notified by the Ministry of Corporate Affairs ("MCA"). Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognized amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances.

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Company and/or its counterparties.

The financial statements are presented in Indian Rupees (₹) which is the functional currency of the company and all values are rounded off to the nearest lakhs with two decimals except where otherwise indicated.

The aggregation and classification of amounts in the financial statements are based on materiality and similarity between the items. Items of dissimilar nature or function are separately presented unless they are immaterial except when required by law.

#### c. Significant accounting judgements, estimates and assumptions

##### Use of Estimates, Judgements and Estimation of uncertainty

The preparation of financial statements of the company involves use of estimates in computation of expected credit loss, making judgments in determination of fair value of financial assets and financial liabilities, assumptions for actuarial changes in defined benefit obligations. The Company based its assumptions and estimates on factors available when the financial statements were prepared.

The use of estimates and assumptions, which might have an effect on these financial statements. The estimates are based on historical experience and other factors that are considered to be relevant. The actual results may differ from these estimates. The company believes that the estimates used in preparation of financial statements are prudent and reasonable.

Existing circumstances and assumptions about future development however may change due to market changes or circumstances arising that are beyond the control of the company. In the process of applying the Company's accounting policies management has made the reasonable estimates and judgements in relation to the carrying amount of assets and liabilities at each balance sheet date.

In particular, information about significant areas of estimation, uncertainty and critical judgments

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

### (a) Business Model Assessment

Classification and measurement of financial assets depends on the results of the business model test and Solely Payments of Principal and Interest SPPI. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

### (b) Defined employee benefit obligations

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

### (c) Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit

risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

### (d) Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

### (e) Contingent liabilities and provisions other than impairment on loan portfolio

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can reliably be estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed at each Balance sheet date and revised to take account of changing facts and circumstances.

### (f) Effective Interest Rate ("EIR") method on Financial Assets

The Company's EIR methodology recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as expected changes to India's base rate and other free income/expense that are integral parts of the instrument.

### (g) Estimation uncertainty relating to COVID-19

The Company has considered internal and certain external sources of information including credit reports, economic forecasts and industry reports, up to the date of approval of the financial statements in determining the impact of Covid-19 on various elements of its financial statements. The Company

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

has used the principles of prudence in applying judgments, estimates and assumptions including sensitivity analysis and based on the current estimates, the Company has accrued its liabilities and also expects to fully recover the carrying amount of assets. The eventual outcome of impact of the global health pandemic including the non-fulfilment of the obligations by the customers due to lockdown, extended moratorium allowed by Government and other restrictions related to Covid-19 situation may be different from those estimated as on the date of approval of these financial statements.

### d. Impact of Covid 19

The COVID 19 pandemic has resulted in significant decrease in economic activities throughout the Country as well as Global. The Government of India and respective State Governments announced a strict curfew and lockdown across the country to control the spread of virus. This had a consequential impact on the regular operations of the company. Further, the Company had extended the moratorium and also implemented resolution framework for eligible borrowers as per Reserve Bank of India ("RBI") directives issued from time to time. The relevant disclosures are given in Note 50.4 to the Financial Statements.

### e. New Accounting Standards issued but not effective / Recent Accounting Development

On March 24, 2021, MCA through a notification, amended Schedule III to the Companies Act 2013 effective from April 01, 2021. Amendments relating to Division III which relate to NRFCs whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015, as amended by the Companies (Indian Accounting Standards) Rules, 2016, have been complied with.

Ministry of Corporate Affairs ("MCA") have vide notification G.S.R. 255(E) dated 23rd March 2022, notified Amendments to the Companies (Indian Accounting Standards) Rules 2015, which are applicable from 1st April 2022. The company will evaluate and make the disclosures from subsequent year.

### a) Ind AS 16 – Property, Plant and Equipment Proceeds before Intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss statement. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial

statements.

### b) Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets

#### Onerous Contracts – Costs of Fulfilling a Contract

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour; materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

### c) Ind AS 103 – Business Combinations

#### Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

### d) Ind AS 109 – Financial Instruments

#### Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

### e) Ind AS 116 – Leases

#### Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

### f. Financial Instruments

#### 1. Initial Recognition and Measurement

Financial assets and Financial liabilities are initially recognized on the date the company becomes a party to the contractual provisions of the instrument.

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

Financial assets and financial liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities measured at fair value through profit or loss are recognised immediately in the Statement of Profit and Loss.

Transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities that are measured at amortised cost are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Unlike the other financial assets, Trade receivables are measured at transaction price at which the transaction had taken place.

### ii. Classification and Subsequent Measurement

The financial assets are classified based on the Company's business model for managing the financial assets and their contractual cash flow characteristics as subsequently measured:

- At amortised cost
- At Fair Value Through Other Comprehensive Income ("FVTOCI")
- At Fair Value Through Profit and Loss ("FVTPL")

The Company classifies financial liabilities at amortised cost unless it has designated liabilities at fair value through profit and loss.

#### Financial Assets at Amortised Cost

The classification of financial assets such as cash and cash equivalents, Loans, trade receivables and investments (other than classified at FVTOCI) are measured at amortized cost based on the assessment of business model as follows:

#### Business model Assessment

An assessment of business model for managing financial assets is fundamental to the classification of a financial asset.

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the company's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held

within that business model) and, in particular, the way those risks are managed;

- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and
- The expected frequency, value and timing of loan disbursements based on the analysis of disbursements made and realisation of cash flows in previous periods.

The financial assets of the company are held within a business model, whose objective is to hold assets in order to collect contractual cash flows, are managed to realise cash flows by collecting contractual payments over the life of the instrument and within the business model whose objective is achieved by both collecting the contractual cash flows and selling the financial asset.

The Solely Payments of Principal and Interest ("SPPI") test on the principal amount outstanding:

For an asset to be classified and measured at a amortised cost, its contractual terms should give rise to cash flows that meet SPPI test. For that purpose:

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset.

The interest income represents the consideration for time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement.

The SPPI assessment is made in the currency in which the financial asset is denominated.

The contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest ("SPPI") on the principal amount outstanding.

#### Financial Assets at FVTOCI

##### Equity Instruments

The Company has made an irrevocable election to classify and measure the listed equity instruments at FVTOCI to present the subsequent changes in fair value under Other Comprehensive Income ("OCI") and the classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as dividend income when the right to receive the payment has been established, except when the company benefits from such proceeds as a recovery of part of the cost of the

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## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

instrument, in which case, such gains are recorded in OCI.

### Financial liabilities at Amortised cost

The company had classified the debt instruments, redeemable non-convertible preference shares and other borrowed funds at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue of funds, and transaction costs that are an integral part of the Effective Interest Rate ("EIR").

Any fees, paid or received, transaction costs and other premiums or discounts that are included in the calculation of the effective interest rate are amortised over the expected life of the financial instrument.

### iii. Reclassification of Financial Instrument

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities during the financial year.

Till 31st March 2020, the issue expenses relating to public issue of Non Convertible Debentures was set off against security premium. From 01st April 2020 onwards, the amortised issue expenses are written off in the statement of profit and loss.

### iv. Derecognition of Financial Instrument

#### Financial Asset

The Company derecognises the financial asset when, and only when:

- The contractual rights to receive the cash flows from the financial asset have expired, or
- The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - a. the Company has transferred substantially all the risks and rewards of the asset, or
  - b. the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset, the difference between: (a) the carrying amount (measured at the date of derecognition) and (b) the consideration received shall be recognised in statement of profit and loss.

#### Financial Liability

The Company derecognises the financial liability when, and only when it is extinguished i.e. when the contractual obligation is discharged or cancelled or expired.

A financial liability shall be considered as extinguished when there is an exchange between the Company and the lender with substantially different terms of the original financial liability or when there is a substantial modification of the terms of existing financial liability or part thereof.

On derecognition of a financial liability, the difference between: (a) the carrying amount and (b) the consideration paid shall be recognised in the statement of profit and loss.

### v. Impairment of Financial Assets

The Company records allowance for expected credit losses for all loans, other financial assets not held at fair value through profit or loss (FVTPL), referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

The impairment loss allowance is provided based on the Expected Credit Loss ("ECL") model.

The ECL is based on the credit losses expected to arise over the life of the financial asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company does the assessment of significant increase in credit risk at a borrower level.

#### Significant increase in credit risk

The Company continuously monitors all assets subject to ECLs in order to determine whether an instrument or a portfolio of instruments is subject to 12 month ECL or lifetime ECL. The Company



## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

assesses whether there has been an event which could cause a significant increase in the credit risk of the underlying asset or the customers' ability to pay and accordingly change the 12 month ECL to a lifetime ECL.

Regardless of the above, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

The Company has categorized its loans into Stage 1, Stage 2 and Stage 3, as detailed below:

### Stage 1:

Financial assets, where there has not been a significant increase in credit risk since initial recognition (or) that has low credit risk at the reporting date and that are not credit impaired upon origination, are classified under this stage. The Company classifies all standard loans and loans upto 30 days overdue under this category. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 and 3. The Company provides 12-month ECL for Stage 1 assets.

### Stage 2:

Financial assets, where there has been a significant increase in credit risk since initial recognition but do not have a objective evidence of impairment, are classified under this stage. 30 Days Past Due is considered under Stage 2. The Company provides Lifetime ECL for Stage 2 assets.

### Stage 3:

All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

### Definition of Default

If the borrower is past due for more than 90 days on any material credit obligation to the Company; or the borrower is unlikely to pay his credit obligations to the Company in full, it is considered as default.

### Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

### ECL on Investment in Government securities

The Company has invested in Government Securities. No ECL has been applied on these investments as there is no history of delay in servicing of interest/ repayments. The Company does not expect any delay in interest/redemption servicing in future.

### Simplified approach for trade/other receivables

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade/ other receivables that do not contain a significant financing component.

### g. Write-offs

The Company reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

### h. Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

1. in the principal market for the asset or liability; or
2. in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market is accessible by the company on the measurement date. The Company measures the fair value of an asset or liability using the assumption that market participants would use when pricing the asset or liability.

The price is either directly observable or estimated using another valuation technique. The Company had adopted valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value by maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The Company applied the fair value hierarchy for the inputs to valuation techniques used to measure fair value. The three levels of hierarchy are:

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

Level 1	Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to, at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regard to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
Level 2	Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.
Level 3	Those that include one or more unobservable input that is significant to the measurement as a whole

The Company determines appropriate classes of assets and liabilities on the basis of the following:

- the nature, characteristics and risks of the asset or liability; and
- the level of the fair value hierarchy within which the fair value measurement is categorized.

The company evaluates the unwilling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the period.

**i. Property, Plant and Equipment ("PPE")**

The Company recognises an item of property, plant and equipment when:

- it is probable that future economic benefits associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

The cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset beyond its previously assessed standards of performance if it is probable that future economic benefit will flow to the Company from that expenditure and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

Property, Plant and Equipment is carried at cost less accumulated depreciation and any accumulated impairment losses.

Capital work in progress comprises the cost of PPE that are not ready for its intended use at the reporting date.

**Depreciation**

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives which is in line with the estimated useful life as specified in Schedule II to the Act except for leasehold improvements which are amortised on a straight line basis over the period of lease or estimated period of useful life of such improvement, subject to a maximum period of 60 months. Leasehold improvements include all expenditure incurred on the leasehold premises that have future economic benefits. The depreciation charge for each period will be recognised in the statement of profit and loss for the period.

Particulars	Useful life as prescribed by Schedule II to the Companies Act 2013	Useful life estimated by the Company
Buildings	60 years	60 years
Plant and Machinery	15 years	15 years
Plant - Windmills	22 years	22 years
Furniture and fixtures	10 years	10 years
Vehicles	8 years	8 years
Office Equipments	5 years	10 years
Computers	5 years	6 years

The Management has considered the useful life of office equipments and computers as 10 years and 6 years respectively.

Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected from its use.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is recognised in other income / netted off from any loss

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

on disposal in the Statement of profit and loss in which the year asset is derecognized

### j. Intangible Assets and Amortisation

Intangible assets are carried at its cost less any accumulated amortisation and accumulated impairment losses, if any.

The intangible assets comprise computer software which is amortized over the estimated useful life, in a straight line method. The amortisation charge is calculated by using the straight line method to write down the cost of intangible assets over their estimated useful life of 6 years as per Management's estimate.

Amortization is recognised as an expense in the statement of profit and loss for the period. The Company has a practice of reviewing the method and period of amortisation at the end of each financial year.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the intangible assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / netted off from any loss on disposal in the statement of profit and loss in the year in which the asset is derecognized.

### k. Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation or both. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any. When significant parts of the investment property are required to be replaced at intervals, the company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

The company, based on technical assessment made by management, depreciates the building over its estimated useful life of 60 years. The management believes that these estimated useful life is realistic and reflect fair approximation of the period over which the assets are likely to be used.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in Note 10. Fair value is determined based on an annual evaluation performed by an accredited external independent valuer."

### l. Impairment of Non-Financial Assets

The Company reviews the carrying amounts of PPE, Investment Property and Intangible assets to determine,

if there is an indication that those assets have suffered any impairment loss. In case of any such indication those non-financial assets are tested for impairment in order to determine the impairment loss, if any, at the end of each reporting period.

### m. Segments

The Company's main business is financing by way of loans in India. All other activities are not significant and incidental to the main business. Thus in the context of Ind AS 108 Operating Segment Reporting is considered to constitute one reportable segment.

### n. Employee Benefits

#### Short Term Employee Benefits

Short-term employee benefits are recognised as expense when the related service is provided. A liability for salaries and wages, Bonus, leave encashment is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### Defined Contribution Plan

#### Employees Provident Fund ("EPF") and Employees State Insurance ("ESI")

Retirement benefits such as employee provident fund and employee state insurance comes under the defined contribution plan for which the Company make contributions to such schemes administered by government organisations set up under the applicable statute and are recognised as expense when an employee renders related service.

#### Defined Benefit Plan

#### Gratuity

The obligation in respect of defined benefit plans, which covers Gratuity is provided for on the basis of an actuarial valuation at the end of each financial year by an Independent Actuary using Projected Unit Credit method. The Company makes contribution to a Gratuity Fund administered and managed by Life Insurance Corporation of India ("LIC").

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Past services are recognised at the earlier of the plan amendment / curtailment and recognition of related restructuring costs/termination benefits.

The Company recognises the changes in the net defined benefit obligation such as service cost (including current service cost, post service cost, as well as gains and losses on curtailments and settlements) under employee benefit expenses and net interest expense

or income in the Statement of Profit and Loss in the line item, Employee Benefits Expenses.

Re-measurements of defined benefit plan, comprising actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to Other Comprehensive Income ("OCI") in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

The retirement benefit obligation recognised in the Balance Sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in the future contribution to the plans.

#### Other Long-Term Benefits

#### Leave Encashment, Compensated Absences and Sick Leave

The Company provides for the encashment / availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

The service cost, interest on defined benefit liability and remeasurements of defined benefit liability is recognised in the statement of profit or loss.

### a. Income

#### i. Interest Income

The Company recognises interest income using Effective Interest Rate ("EIR") on all financial assets subsequently measured at amortised cost.

EIR is the rate that exactly discounts estimated future cash flows of the financial instruments through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount. The future cash flows are estimated using the contractual terms of the instrument.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. In case of credit-impaired financial assets ("Stage 3"), the Company recognises interest income on the amortised cost net of impairment loss of the financial asset at EIR. If the financial asset is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest levied on customers for delay in repayments / non-payment of contractual cash flows is recognised on realization, since the probability of collecting such monies is established when the customer pays.

Interest Income from Government securities is recognized on time proportion basis taking into

account the amount outstanding and the rate applicable.

#### ii. Dividend Income

Dividend income on equity shares is recognized when the right to receive the payment is established by the reporting date.

#### iii. Other Operating Income

The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a comprehensive assessment model as set out in

Ind AS 115 'Revenue from contracts with customers'. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at the fair value of the consideration received or receivable.

The Company recognises income on recoveries of financial assets written off on realisation basis.

#### iv. Rental Income

Rental income arising from operating leases is recognised on a straight-line basis over the lease term. In cases where the increase is in line with expected general inflation, rental income is recognised as per the contractual terms.

Operating leases are leases where the Company does not transfer substantially all of the risks and benefits of ownership of the asset.

#### v. Fees and Commission Income

The Company recognises service and administration charges towards rendering financial services to its customers on satisfactory completion of performance obligation. Cheque bouncing charges levied on customers for non-payment of instalment on the contractual date is recognised on realization, since the probability of collecting such monies is established when the customer pays. Foreclosure charges are collected from loan customers for early payment/closure of loan and are recognised on happening of realization, since the probability of collecting such monies is established when the customer pays.

#### vi. Sale of Power from Windmills

Income from power generation is recognized as per the Power Purchase Agreements with State Electricity Board and on supply of power to the grid by satisfaction of performance obligation.

#### vii. Net gain/loss on fair value change

The Company designates certain financial assets for subsequent measurement at FVTOCI. The Company

recognises gains/loss on fair value change of financial assets measured at FVTOCI.

**p. Foreign Currency Transaction**

The functional currency and presentation currency of the Company is Indian Rupee. Functional currency of the Company and foreign operations has been determined based on the primary economic environment in which the Company and its foreign operations operate considering the currency in which funds are generated, spent and retained.

Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the prevailing closing spot rate. Non-monetary items are measured in terms of historical cost in foreign currency and are not retranslated.

Exchange differences, if any, that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise.

**q. Borrowing Costs**

Borrowing costs include interest expense calculated using the effective interest method as per Ind AS 109 on Financial Instrument and interest in respect of lease liability recognised in accordance with Ind AS 116.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

**r. Finance costs**

Finance cost include Interest Expenses computed by applying the Effective Interest Rate ("EIR") on the respective financial instrument measured at Amortised Cost. Financial Instruments includes outstanding liabilities. Finance Costs are charged to the Statement of Profit and Loss.

**s. Income Taxes**

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income)

**i. Current tax**

Current tax is the amount of tax payable to (recoverable from) the taxation authorities on the taxable income for the year determined in accordance with the provisions of the Income Tax Act, 1961 and Income Computation and Disclosure Standards prescribed therein. The tax rates and tax laws used to compute the amount are those that are enacted by the end of reporting date. Current tax relating to items

recognised outside the statement of profit and loss is recognised in correlation to the underlying transaction either in OCI or directly in other equity.

**ii. Deferred Tax**

Deferred tax is the tax effect on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements as at the reporting date.

Deferred tax liability is recognised for all taxable temporary differences and deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The Company reviews the carrying amount of a deferred tax asset as at the end of each reporting period and reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised.

Deferred tax relating to items recognized outside profit or loss is recognised either in other comprehensive income or in other equity.

**t. Goods and Services Input Tax Credit**

Input Tax credit is accounted for in the books in the period when the underlying service/supply received is accounted to the extent permitted as per the applicable regulatory laws and when there is no uncertainty in availing/utilising the same. The ineligible input credit is charged off to the respective expense or capitalised as part of asset cost as applicable.

**u. Leases**

**As a Lessee**

The Company has applied Ind AS 116 'Leases' for all lease contracts except for short term leases and leases for which underlying asset is of low value on modified retrospective approach.

Right of Use Asset is initially measured as at the sum of initial measurement of the lease liability and any lease payments made at or before the date of commencement of lease, adjusted by any lease incentives received. On subsequent period, the Right of Use Asset is measured at cost less accumulated depreciation and any accumulated impairment losses with adjustment for remeasurement of lease liability.

Lease Liability is initially measured at the present value of the lease payments that are not paid as at the date of recognition discounted at the Company's incremental

borrowing rate. If Lease liability subsequently undergoes changes on account of interest on the lease liability, lease payments and remeasurement of the carrying amount on any reassessment or lease modifications.

#### **As a Lessor**

The Company recognises the lease payments from operating lease as income on the basis of contractual terms between the Lessee and the Company.

#### **v. Provisions, Contingent Assets and Contingent Liabilities**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

A present obligation that arises from past events, where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain

future events not wholly within the control of the company.

Contingent assets are not recognised in the financial statements. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognized.

#### **w. Cash and Cash Equivalents**

Cash and cash equivalents in the balance sheet comprise cash on hand, cheques and drafts on hand, balance with banks in current accounts and short term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value.

#### **k. Statement of Cash Flow**

Statement of Cash flows are reported using the indirect method, whereby the net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The statement of cash flows from operating, investing and financing activities of the Company are segregated.

#### **y. Earnings Per Share ("EPS")**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for shares issued during the year.

For the purpose of calculating diluted EPS, profit after tax for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

(₹ Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
<b>3. CASH AND CASH EQUIVALENTS</b>		
Cash on hand	270.41	714.54
Balance with Banks in Current Accounts	1,130.39	109.40
Cheques, drafts on hand	48.71	540.37
<b>Total</b>	<b>1,449.51</b>	<b>2,364.11</b>
<b>4. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS</b>		
Earmarked Balances with Banks :		
- Unpaid Dividend Accounts**	46.52	56.83
Term Deposits with Banks :		
- Free	900.00	-
- Under Lien #	182.79	118.96
<b>Total</b>	<b>1,129.31</b>	<b>375.79</b>

# Details of Term Deposits under Lien :

Particulars	As at 31st March 2022		As at 31st March 2021	
	Bank Balances other than Cash and Cash equivalents (Note 4)	Other Financial assets (Note 8)	Bank Balances other than Cash and Cash equivalents (Note 4)	Other Financial assets (Note 8)
For Statutory Liquid Assets#	182.79	9.20	318.96	12.83
<b>Total</b>	<b>182.79</b>	<b>9.20</b>	<b>318.96</b>	<b>12.83</b>

\* In accordance with the Reserve Bank of India Directions, the Company has created a floating charge on Statutory Liquid Assets (bank deposits and interest accrued thereon) in favour of IDBI Trusteeship Services Ltd, Trustees representing the Public deposit holders of the company.

\*\* Includes minimum bank balance

**5. RECEIVABLES**

(i) Trade Receivables

Unsecured - Considered good

- Unsecured - Considered good	97.37	111.14
- Unsecured - Credit Impaired	116.35	120.43
Less: Impairment Loss Allowance	(46.47)	(49.16)
<b>Total</b>	<b>169.25</b>	<b>182.41</b>

(ii) Other Receivables

Unsecured - Considered good

Rent Receivables	16.56	3.52
<b>Total</b>	<b>16.56</b>	<b>3.52</b>

There is no amount due from any directors or other officers of the company or any firm or Private Limited Company in which any Director is a partner, a Director or a member.

**Trade Receivables Ageing Schedule as at 31st March 2022**

Unbilled Revenue	Outstanding for following periods from due date of payment/where no due date is specified from the date of the transaction					
	Less than 6 Months	6 months - 1 Year	1-2 Years	2-3 years	More than 3 years	Total
Undisputed Trade receivables - considered good	23.48	73.89	-	-	-	97.37
Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
Undisputed trade receivables - credit impaired	-	-	100.81	15.54	-	116.35
Disputed Trade Receivables - considered good	-	-	-	-	-	-
Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade Receivables - credit impaired	-	-	-	-	-	-
Less : Impairment Allowance	(46.47)	(19.59)	(13.71)	(1.51)	-	(64.47)

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

**Trade Receivables Ageing Schedule as at 31st March 2021**

(₹ Lakhs)

	Unbilled Revenue	Outstanding for following periods from due date of payment/where no due date is specified from the date of the transaction					Total
		Less than 6 Months	6 months - 1 Year	1-2 Years	2-3 years	More than 3 years	
Undisputed Trade receivables – considered good		40.34	70.82	-	-	-	111.16
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	107.52	12.91	-	120.43
Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Less: Impairment Allowance		(2.47)	(18.77)	(19.96)	(1.56)	-	(49.16)

Particulars	As at 31st March 2022	As at 31st March 2021
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**6. LOANS**

**(A) Loans (at amortised cost) ~**

Hire Purchase Loans#	1,14,406.27	1,12,645.02
Loans Repayable on Demand	105.56	81.36
Other Loans ##	310.64	260.08
<b>Total (Gross)</b>	<b>1,14,822.47</b>	<b>1,12,986.46</b>
Less: Impairment Loss Allowance	(4,511.27)	(3,632.73)
<b>Total (Net)</b>	<b>1,10,311.20</b>	<b>1,09,353.73</b>

**(B) (i) Secured by Tangible Assets**

(ii) Secured by Intangible Assets	-	-
(iii) Covered by Bank / Govt. Guarantee	-	-
(iv) Unsecured	416.20	342.44
<b>Total (Gross)</b>	<b>1,14,822.47</b>	<b>1,12,986.46</b>
Less: Impairment Loss Allowance	(4,511.27)	(3,632.73)
<b>Total (Net)</b>	<b>1,10,311.20</b>	<b>1,09,353.73</b>

**(C) (i) Loans in India**

(a) Public Sector	-	-
(b) Others	1,14,822.47	1,12,986.46
<b>Total (Gross)</b>	<b>1,14,822.47</b>	<b>1,12,986.46</b>
Less: Impairment Loss Allowance	(4,511.27)	(3,632.73)
<b>Total (Net) - C (i)</b>	<b>1,10,311.20</b>	<b>1,09,353.73</b>
(ii) Loans Outside India	-	-
Less: Impairment Loss Allowance	-	-
<b>Total (Net) - C (ii)</b>	<b>-</b>	<b>-</b>
<b>Total (Net) - C (i+ii)</b>	<b>1,10,311.20</b>	<b>1,09,353.73</b>

~ There is no loan assets measured or designated at FVTOCI or FVTPL

# Includes Repossessed Assets

## Represents Staff Loans

Refer Note 4a on Disclosure pursuant to Ind AS 24 on Related Party Disclosures for Loans and Advances given to all outstanding dues from related parties



**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

Particulars			(₹ Lakhs)	
			As at 31st March 2022	As at 31st March 2021
<b>7. INVESTMENTS</b>				
<b>At Amortised Cost</b>				
<b>Investments in Government Securities</b>	Number	Face Value per unit (₹)		
<b>Quoted</b>				
Bonds of Central and State Governments #	23,68,000	100	2,374.44	2,577.61
<b>Total (A)</b>			<u>2,374.44</u>	<u>2,577.61</u>
<b>At Fair value through Other Comprehensive Income</b>				
<b>Investments in Equity Instruments</b>				
Sakthi Sugars Limited	5,52,833	10	75.07	52.30
Chokhani international Limited	100	10	0.02	0.02
<b>Total (B)</b>			<u>75.09</u>	<u>52.32</u>
<b>At Cost</b>				
<b>Investments in Equity Instruments</b>				
<b>Unquoted</b>				
ABT Industries Limited	1,50,000	10	15.00	15.00
ABT Foods Agrovet Limited (Formerly Sakthi Beverages Ltd)	1,25,000	10	12.50	12.50
Sri Bhagavathi Textiles Limited	5	100	0.04	0.04
Sri Chamundeswari Sugars Limited	1,86,666	10	7.82	7.82
ABT Co-operative Stores Limited	500	10	0.05	0.05
Sciles India Limited	100	10	-	-
Sakthi Soft Drinks Pvt Limited	30,000	10	3.00	3.00
<b>Total (C)</b>			<u>38.41</u>	<u>38.41</u>
<b>Total (Gross) - (A+B+C)</b>			<u>2,487.94</u>	<u>2,668.34</u>
(i) Investments Outside India			-	-
(ii) Investments In India			<u>2,487.94</u>	<u>2,668.34</u>
<b>Total</b>			<u>2,487.94</u>	<u>2,668.34</u>
Less: Impairment Loss Allowance			0.06	0.06
<b>Total (Net)</b>			<u>2,487.88</u>	<u>2,668.28</u>
<p># In accordance with Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions 2016 dated 25th August 2016 (as amended), the Company has created a floating charge on the statutory liquid assets comprising investment in Government securities on the above investments in favour of DPT Trusteeship Services Ltd, trustee representing the Public Depositors of the company.</p> <p>* There is no investment in Government Securities measured at FVOCI.</p>				
<b>8. OTHER FINANCIAL ASSETS</b>				
Interest accrued on Government Securities			52.71	56.16
- Interest accrued on Term Deposits				
- Free			4.84	-
- Under Lien (Refer Note 4)			9.20	12.83
- Security Deposits			160.20	169.38
- Other Loans and Advances			1,370.36	1,562.29
- Advance to Employees			15.60	29.77
<b>Total</b>			<u>1,712.91</u>	<u>1,830.43</u>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

(₹ Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
<b>9. DEFERRED TAX ASSETS (net)</b>		
a. Application of Expected Credit Loss on Financial Assets	982.42	-
b. Employee benefit expenses	30.87	-
c. Right of Use Assets & Lease Liabilities	7.84	-
d. Application of EIR on Financial Liabilities	(64.83)	-
e. Differences in Carrying amount of Property, Plant and Equipment	(738.36)	-
<b>Total</b>	<b>217.94</b>	

**10.a) INVESTMENT PROPERTY**

Particulars	Land	Building	Total
Carrying Amount as at 1st April 2020	66.87	226.74	293.61
Additions	-	-	-
Disposals	-	-	-
Carrying Amount as at 31st March 2021	66.87	226.74	293.61
Additions	-	-	-
Disposals	-	-	-
Carrying Amount as at 31st March 2022	66.87	226.74	293.61
Accumulated depreciation / amortisation and impairment			
Balance as at 1st April 2020	-	9.20	9.20
Depreciation for the year	-	4.60	4.60
Depreciation on disposals	-	-	-
Balance as at 31st March 2021	-	13.80	13.80
Depreciation for the year	-	4.60	4.60
Depreciation on disposals	-	-	-
Balance as at 31st March 2022	-	18.40	18.40
Net Carrying amount			
As at 31st March 2021	66.87	212.94	279.81
As at 31st March 2022	66.87	208.34	275.21
Useful Life of the Asset (In Years)	-	60	-

**10.b) Rental Income with respective expenses**

Particulars	Year ended 31st March 2022	Year ended 31st March 2021
Rental Income - Building	2.32	3.52
Direct operating expenses on properties generating rental income to include	0.42	0.49

**10.c) Fair Value of Investment Property with assumptions applied in determining the fair value of Investment property**

Particulars	Valuation technique	Significant unobservable inputs	Range (Weighted avg)	Sensitivity of the input to fair value	Fair value ₹ Lakhs	Sensitivity ₹ Lakhs
<b>Sensitivity analysis</b>						
Investment Property As at 31st March 2022	Professional valuer	Price per Square Feet	₹ 2,500 - 5,000 per Square Feet	5%	370	19
Investment Property As at 31st March 2021	Professional valuer	Price per Square Feet	₹ 2,500 - 5,000 per Square Feet	3%	370	19

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

11 (a) Property, Plant and Equipment - Tangible Assets (₹ Lakhs)

Particulars	Land - Freehold	Buildings	Plant and Machinery	Plant - Wind Mills	Furniture and Fixtures	Vehicles	Office Equipments	Total Tangible Assets
Carrying Amount as at 1st April 2020	2,764.91	1,712.89	93.22	1,615.39	333.34	97.16	164.98	6,781.89
Additions	-	-	0.99	-	3.86	-	46.52	51.37
Disposals	-	-	-	-	-	-	0.57	0.57
Carrying Amount as at 31st March 2021	2,764.91	1,712.89	94.21	1,615.39	337.20	97.16	210.93	6,832.69
Additions	1.56	-	4.20	-	22.79	-	38.03	66.58
Disposals	-	-	0.23	-	-	-	-	0.23
Carrying Amount as at 31st March 2022	2,766.47	1,712.89	98.18	1,615.39	359.99	97.16	248.96	6,899.04
Accumulated depreciation / amortisation and impairment	-	-	-	-	-	-	-	-
Balance as at 1st April 2020	-	107.98	14.48	209.14	63.72	26.06	43.86	465.24
Depreciation for the year	-	54.02	7.97	104.57	36.16	13.50	28.94	245.16
Depreciation on disposals	-	-	-	-	-	-	-	-
Balance as at 31st March 2021	-	162.00	22.45	313.71	99.88	39.56	72.80	710.40
Depreciation for the year	-	49.32	8.01	104.57	36.57	12.71	30.96	242.09
Depreciation on disposals	-	-	0.08	-	-	-	-	0.08
Balance as at 31st March 2022	-	211.32	30.38	418.28	136.40	52.27	103.76	952.41
Net Carrying amount								
As at 31st March 2021	2,764.91	1,550.89	71.76	1,301.68	237.32	57.60	138.13	6,122.29
As at 31st March 2022	2,766.47	1,501.57	67.80	1,197.11	223.59	44.89	145.20	5,946.63
Useful Life of the Asset (In Years)	-	60	15	22	10	8	10	-

Carrying Value of Assets Pledged Against borrowings / Debt Securities as at 31st March 2022 (Refer Note 14 & 15)

As at 31st March 2022	1,73.80	1,347.64	-	-	-	-	-	1,521.44
As at 31st March 2021	1,73.80	1,391.56	-	-	-	-	-	1,565.36

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

**11 (b) Right of use Assets**

(₹ Lakhs)

Particulars	Amount
Gross Carrying Amount as at 1st April 2020	1,492.53
Additions	-
Disposals	7.97
Carrying Amount as at 31st March 2021	1,484.56
Additions	240.82
Disposals	-
Carrying Amount as at 31st March 2022	1,725.38
Accumulated depreciation / amortisation and impairment	
Balance as at 1st April 2020	269.76
Depreciation for the year	144.50
Depreciation on Disposals	-
Balance as at 31st March 2021	414.06
Depreciation for the year	217.72
Depreciation on Disposals	-
Balance as at 31st March 2022	631.78
Net Carrying amount	
As at 31st March 2021	1,070.50
As at 31st March 2022	1,093.60
Useful Life of the Asset (In Years)	3

**11 (c) Intangible Assets under development**

Particulars	Amount
Carrying Amount as at 1st April 2020	15.07
Additions	71.20
Disposals	-
Carrying Amount as at 31st March 2021	86.27
Additions	10.99
Disposals	97.26
Carrying Amount as at 31st March 2022	-
As at 31st March 2021	86.27
As at 31st March 2022	-

**Intangible Assets under Development ageing schedule**

As at 31st March 2022

Intangible Assets under Development	Amount in Intangible Asset under Development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

Note: There were no Intangible Assets under Development, whose completion is overdue or has exceeded its cost compared to its original plan

As at 31st March 2021

Intangible Assets under Development	Amount in Intangible Asset under Development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	86.27	-	-	86.27
Projects temporarily suspended	-	-	-	-	-

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

**11 (d) Other Intangible Assets - Computer Software**

Particulars	(₹ Lakhs)
<b>Carrying Amount as at 1st April 2020</b>	<b>263.61</b>
Additions	15.25
Disposals	-
<b>Carrying Amount as at 31st March 2021</b>	<b>278.86</b>
Additions	103.56
Disposals	-
<b>Carrying Amount as at 31st March 2022</b>	<b>382.42</b>
<b>Accumulated depreciation / amortisation and impairment</b>	
<b>Balance as at 1st April 2020</b>	<b>148.66</b>
Depreciation for the year	27.63
Depreciation on disposals	-
<b>Balance as at 31st March 2021</b>	<b>176.29</b>
Depreciation for the year	26.67
Depreciation on disposals	-
<b>Balance as at 31st March 2022</b>	<b>202.96</b>
<b>Net Carrying amount</b>	
<b>As at 31st March 2021</b>	<b>102.57</b>
<b>As at 31st March 2022</b>	<b>179.46</b>
<b>Useful Life of the Asset (In Years)</b>	<b>6</b>

**Capital Work In Progress (CWIP) ageing schedule**

As at 31st March 2022

Capital Work-in-progress	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

Note: There were no Capital Work in Progress, whose completion is overdue or has exceeded its cost compared to its original plan

As at 31st March 2021

Capital Work in-progress	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

Note: There were no Capital Work In Progress, whose completion is overdue or has exceeded its cost compared to its original plan

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

Particulars	(₹ Lakhs)	
	As at 31st March 2022	As at 31st March 2021
<b>12. OTHER NON-FINANCIAL ASSETS</b>		
Considered good-Unsecured		
- Advance for Property, Plant and Equipment	1,500.00	-
- Prepaid Expenses	124.34	103.49
- GST Input Tax Credit (Refer Note 2 (t))	289.17	221.27
- NCD Public Issue Expenses	12.78	-
- Others	9.85	11.01
<b>Total</b>	<b>1,936.14</b>	<b>335.77</b>

Refer Note 44 on Disclosure pursuant to Ind AS "24" - Related Party Disclosures for Loans and Advances given and outstanding dues from related parties

**LIABILITIES AND EQUITY**

**13. PAYABLES**

**(I) Trade Payables**

(i) Total outstanding dues of micro enterprises and small enterprises	0.28	3.26
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	127.76	140.62

**(II) Other Payables**

(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	175.13	151.48
<b>Total</b>	<b>303.17</b>	<b>295.36</b>

**Micro, Small and Medium Enterprises:**

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") the total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period and other disclosures as per MSMED Act are given below:

a) Dues remaining unpaid to any supplier at the year end		
- Principal	0.28	3.26
- Interest on the above		
b) Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		
- Principal paid beyond the appointed date	-	-
- Interest paid in terms of Section 16 of the MSMED Act	-	-
c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year		
d) Amount of interest accrued and remaining unpaid	-	-
e) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises		
<b>Total</b>	<b>0.28</b>	<b>3.26</b>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

**Trade Receivables Ageing Schedule as at 31st March 2022**

(₹ Lakhs)

	Outstanding for following periods from due date of payment/where no due date is specified from the date of the transaction					Total
	Unbilled Revenue	Less than 1 year	1-2 Years	2-3 years	More than 3 years	
MSME	-	0.26	-	-	-	0.26
Others	-	307.89	-	-	-	307.89
Disputed Dues - MSME	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-

**Trade Receivables Ageing Schedule as at 31st March 2021**

	Outstanding for following periods from due date of payment/where no due date is specified from the date of the transaction					Total
	Unbilled Revenue	Less than 1 year	1-2 Years	2-3 years	More than 3 years	
MSME	-	3.26	-	-	-	3.26
Others	-	292.10	-	-	-	292.10
Disputed Dues - MSME	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-

**14. DEBT SECURITIES**

**At Amortised Cost**

Non-Convertible Debentures - Secured	<b>41,560.04</b>	28,711.26
<b>Total</b>	<b>41,560.04</b>	28,711.26
Debt Securities in India	<b>41,560.04</b>	28,711.26
Debt Securities outside India	-	-
<b>Total</b>	<b>41,560.04</b>	28,711.26

**Note:**

- There is no debt securities measured at FVTOCI or designated at FVTPL.
- The Non-Convertible Debentures are secured by immovable properties and Loan receivables of the Company having carrying value of ₹45,051.25 Lakhs (31st March 2021 ₹50,902.68 Lakhs).
- For Debt securities subscribed by the related parties Refer Note 44.

**Details of Non-Convertible Debentures - Secured :**

Particulars	As at 31st March 2022	As at 31st March 2021
<b>A. Issued on private placement basis - Face Value of Rs 1,000/-</b>		
Repayable on maturity:		
Interest Range 8.75% to 10%		
Maturing within 1 year	3,920.00	4,628.00
Maturing between 1 to 2 years	3,038.30	3,201.00
Maturing between 2 to 3 years	2,454.50	3,426.30
<b>Sub-Total (A)</b>	<b>10,312.80</b>	<b>11,255.30</b>
<b>Add: Interest accrued but not due</b>	<b>454.95</b>	<b>369.78</b>
<b>Less: unamortized charges</b>	<b>44.46</b>	<b>52.10</b>
<b>(A) Total Amortized Cost</b>	<b>10,723.29</b>	<b>11,572.98</b>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

(₹ Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
<b>B) Public Issue - Face value of ₹1,000/-</b>		
- Repayable on maturity:		
<b>Interest Range 9% to 10%</b>		
Maturing within 1 year	5,324.98	1,991.39
Maturing between 1 years to 2 years	11,652.10	5,324.98
Maturing between 2 years to 3 years	6,530.39	5,489.52
Maturing between 3 years to 4 years	5,673.13	3,272.12
<b>Sub-Total (B)</b>	<b>29,180.60</b>	<b>16,077.81</b>
<b>Add : Interest accrued but not due</b>	<b>1,999.49</b>	<b>1,079.40</b>
<b>Less: unamortized charges</b>	<b>343.34</b>	<b>218.43</b>
<b>(B) Total Amortized Cost</b>	<b>30,836.75</b>	<b>16,938.78</b>
<b>TOTAL (A)+(B)</b>	<b>41,560.04</b>	<b>28,711.26</b>
<b>Total Amortized Cost (A + B )</b>	<b>41,560.04</b>	<b>28,711.26</b>

(₹ Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
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**15. BORROWINGS (OTHER THAN DEBT SECURITIES )**

**At amortized cost**

**Term Loan -Secured**

- From Banks

- From Other Lenders

Loan Repayable on Demand

Cash Credit Facilities from Banks

**Total**

Borrowings in India

Borrowings outside India

**Total**

There is no borrowings measured at FVTOCI or designated at FVTPL.

	3,810.72	5,568.31
	1,240.84	2,925.80
	10,514.13	14,565.05
<b>Total</b>	<b>15,565.69</b>	<b>23,059.16</b>
Borrowings in India	15,565.69	23,059.16
Borrowings outside India	-	-
<b>Total</b>	<b>15,565.69</b>	<b>23,059.16</b>

**a) Term loans from Banks are secured as under :**

**1) State Bank of India**

Sl. No.	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Mora-torium period	Security details	Amount outstanding as on 31st March 2022	Amount outstanding as on 31st March 2021
			Commence ment date	End date				
1	5,000.00	11.00%	30.09.2020	30.06.2025		3,365.80	4,395.00	
2	600.00	7.75%	30.11.2020	30.04.2022		22.00	460.00	
Add : Interest accrued but not due							-	-
Less: unamortized charges							43.22	56.57
<b>Total Amortized Cost</b>							<b>3,344.58</b>	<b>4,770.43</b>



**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

**ii) Industnd Bank Ltd**

(₹ Lakhs)

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31st March 2022	Amount outstanding as on 31 March 2021
			Commencement date	End date				
1	650,000	12.00%	04.03.2020	04.06.2023	3 Mths	Hypothecation of specified Hire Purchase receivables	303.81	512.52
2	350.00	12.00%	04.03.2020	04.06.2023	3 Mths		161.69	274.29
Add: Interest accrued but not due							4.13	6.98
Less: unamortized charges							3.49	3.05
<b>Total Amortized Cost</b>							<b>466.14</b>	<b>790.74</b>

**iii) HDFC Bank Ltd**

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31st March 2022	Amount outstanding as on 31 March 2021
			Commencement date	End date				
1	29.00	9.50%	05.02.2019	05.01.2022	-	Hypothecation of New Innova Crysta LX Car	-	6.09
<b>Total Amortized Cost</b>							<b>-</b>	<b>6.09</b>

**b) Term loans from other Lenders are secured as under:**

**i) Northern Arc Capital Ltd (formerly IFMR Capital Finance Pvt Ltd)**

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31st March 2022	Amount outstanding as on 31 March 2021
			Commencement date	End date				
1	1,500.00	14.00%	06.04.2020	07.03.2022	-	Hypothecation of specified Hire Purchase receivables and personal guarantee by a director	-	50.33
Add: Interest accrued but not due							-	8.30
Less: unamortized charges							-	10.43
<b>Total Amortized Cost</b>							<b>-</b>	<b>799.20</b>

**ii) Hinduja Leyland Finance Ltd**

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31st March 2022	Amount outstanding as on 31 March 2021
			Commencement date	End date				
1	1,500.00	10.25%	07.03.2018	07.04.2021	2 Mths	Hypothecation of specified Hire Purchase receivables and personal guarantee by a director	-	45.40
Add: Interest accrued but not due							-	0.33
Less: unamortized charges							-	-
<b>Total Amortized Cost</b>							<b>-</b>	<b>48.73</b>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

**iii) Shriram Transport Finance Company Ltd**

(₹ Lakhs)

S. No.	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31st March 2022	Amount outstanding as on 31 March 2021
			Commencement date	End date				
1	2,000.00	13.00%	05.09.2019	05.08.2023	-	Hypothecation of specified Hire Purchase receivables	826.37	1330.70
2	1,000.00	13.00%	05.05.2020	05.04.2023	-		408.04	737.19
Add: Interest accrued but not due							11.43	19.15
Less: unamortized charges							5.00	9.17
<b>Total Amortized Cost</b>							<b>1,240.84</b>	<b>2,077.87</b>

**c) Loans repayable on demand - Cash credit facilities with banks (secured)**

Particulars	As at 31st March 2022		As at 31st March 2021	
	Interest Rate Range	Amount outstanding	Interest Rate Range	Amount outstanding
Maturing within 1 Year	9.65 % to 12.25%	10,516.14	9.65 % to 12.60%	14,556.33
Add: Interest accrued but not due		25.77		33.18
Less: unamortized charges		27.78		24.86
<b>Total Amortized Cost</b>		<b>10,514.13</b>		<b>14,564.65</b>

The Cash Credit facilities from Banks are secured by hypothecation of specified hire purchase receivables and a personal guarantee by Director(s). The Company has also extended collateral security of Company's Building and land belonging to a Director.

**(i) There is no default in repayment of loans and interest thereon.**

(₹ Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
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**16. DEPOSITS (UNSECURED)**

At amortized cost

Public Deposits

8,540.60 17,086.35

Total

8,540.60 17,086.35

There is no Deposits measured at FVTOC or designated at FVTPL

**Details of Deposits - Unsecured :**

Particulars	As at 31st March 2022	As at 31st March 2021
- Repayable on maturity:		
Interest Range 7.75% to 9%		
Maturing within 1 year	5,544.55	8,025.57
Maturing between 1 to 2 years	2,217.84	5,763.06
Maturing between 2 to 3 years	-	2,257.83
Sub-Total	7,762.39	16,046.46
Add: Interest accrued but not due	799.48	1,117.20
Less: unamortized charges	21.27	77.31
<b>Total Amortized Cost</b>	<b>8,540.60</b>	<b>17,086.35</b>

For Deposits held by related parties, refer Note No. 44

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

(₹ Lakhs)

Particulars	As at	As at
	31st March 2022	31st March 2021
<b>17. SUB-ORDINATED LIABILITIES (UNSECURED)</b>		
<b>At amortized cost</b>		
Non-Convertible Debentures - Unsecured	11,640.38	6,461.97
Redeemable Cumulative Preference Shares (RCPS)	1,490.29	1,842.25
Sub-Ordinated Debts	26,400.10	25,776.84
<b>Total</b>	<b>39,530.77</b>	<b>33,480.06</b>
Sub-Ordinated Liabilities in India	39,530.77	33,480.06
Sub-Ordinated Liabilities outside India	-	-
<b>Total</b>	<b>39,530.77</b>	<b>33,480.06</b>

There is no Subordinated Liabilities measured at FVTOCI or designated at FVTPI

Terms/rights attached to RCPS: The RCPS do not have voting rights other than matters which directly affect them. In the event of any due and payable dividends remain unpaid for aggregate period of at least two years prior to the start of any general meeting of the equity shareholders, RCPS holders shall have voting rights in line with their voting rights of the equity share holders. The RCPS will be redeemed at the end of three years from the date of allotment and the payment of dividend would be in accordance with the terms agreed at the time of issuance of RCPS.

On winding up or repayment of capital, RCPS holders enjoy preferential rights vis a vis equity shareholders, for repayment of capital paid-up and shall include any unpaid dividends.

For the year ended 31st March 2022, the Company declared and paid an interim dividend of ₹ 134.06 lakhs after deduction of TDS of ₹ 5.72 lakhs on RCPS of ₹ 100 each fully paid (31st March 2021 : ₹ 34.75 lakhs)

Details of Sub-Ordinated Liabilities - Unsecured :

Particulars	As at 31st March 2022	As at 31st March 2021
<b>A) Non-Convertible Debentures - Unsecured :</b>		
Issued on Public Issue		
Repayable on maturity:		
Interest Range 10% to 11%		
Maturing between 2 years to 3 years	4,374.80	-
Maturing between 3 years to 4 years	1,603.70	4,374.80
Maturing between 4 years to 5 years	4,759.47	1,603.70
<b>Sub-Total (A)</b>	<b>10,737.97</b>	<b>5,978.50</b>
<b>B) Preference Shares</b>		
Repayable on maturity:		
8.25% Redeemable Cumulative Preference Shares		
Maturing within 1 year	-	665.00
Maturing between 2 years to 3 years	1,500.00	1,169.00
<b>Sub-Total (B)</b>	<b>1,500.00</b>	<b>1,834.00</b>
<b>C) Sub-Ordinated Debts</b>		
- Repayable on maturity:		
Interest Range 10% to 11%		
Maturing between 1 to 2 years	9,914.40	-
Maturing between 2 to 3 years	12,221.80	9,914.40
Maturing between 3 to 4 years	1,244.40	12,221.80
Maturing between 4 to 5 years	-	1,244.40
<b>Sub-Total (C)</b>	<b>23,380.60</b>	<b>23,380.60</b>
<b>Sub-Total (A+B+C)</b>	<b>35,618.57</b>	<b>31,193.10</b>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

(₹ Lakhs)

<b>Add: Interest accrued but not due</b>		
A) Non-Convertible Debentures - Unsecured	1,027.31	532.06
B) Preference Shares	-	8.58
C) Sub-Ordinated Debts	3,122.15	1,944.88
<b>Less: Unamortized charges</b>		
A) Non-Convertible Debentures - Unsecured	124.89	49.59
A) Preference Shares	9.71	0.13
B) Sub-Ordinated Debts	102.66	148.64
<b>Total amortized cost</b>	<b>39,530.77</b>	<b>33,480.06</b>

In respect of Sub-Ordinated Liabilities subscribed by related parties refer Note 44

Particulars	(₹ Lakhs)	
	As at 31st March 2022	As at 31st March 2021

**18. OTHER FINANCIAL LIABILITIES**

**Investor Education and Protection Fund shall be credited by the following amounts (as and when due)**

-Unclaimed dividends	46.42	56.73
-Unclaimed matured deposits and Interest accrued thereon	251.20	349.05
-Unclaimed matured Sub-Ordinated Debts and Interest accrued thereon	25.41	49.32
-Unclaimed matured debentures and Interest accrued thereon	180.40	182.35
-Unclaimed Redeemable Cumulative Preference Shares	13.00	181.00
Advances from Customers	450.33	449.10
Security Deposits	73.21	73.21
Lease Liabilities - Refer Note No.49	386.17	331.61
<b>Total</b>	<b>1,426.14</b>	<b>1,672.37</b>

Note: Equity Dividend pertaining to the financial year 2011 and 2012 for an amount of ₹ 300 have not been transferred into Investor Education and Protection Fund, due to pending legal proceedings

**19. PROVISIONS**

**Provision for Employee Benefits**

Provision for bonus	53.00	47.95
Provision for gratuity (net)	8.69	21.12
Provision for leave encashment	60.96	49.02
<b>Total</b>	<b>122.65</b>	<b>118.09</b>

**20. DEFERRED TAX LIABILITIES (net)**

a. Application of Expected Credit Loss on Financial Assets	-	(793.33)
b. Employee benefit expenses	-	(29.72)
c. Right of Use Assets & Lease Liabilities	-	(7.35)
d. Application Of EIR On Financial Liabilities	-	96.20
e. Differences in Carrying amount of Property, Plant and Equipment	-	773.68
<b>Total</b>	<b>-</b>	<b>39.48</b>

**21. OTHER NON-FINANCIAL LIABILITIES**

Tax Deducted at source	99.55	68.47
<b>Total</b>	<b>99.55</b>	<b>68.47</b>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

(₹ Lakhs)

Particulars	As at	
	31st March 2022	31st March 2021
<b>22. SHARE CAPITAL</b>		
Authorised Share Capital		
10,00,00,000 Equity shares of ₹ 10 each	10,000.00	10,000.00
(FY 2021: 10,00,00,000 Equity Shares of ₹ 10 each)		
30,00,000 Redeemable Cumulative Preference Shares of ₹ 100 each	3,000.00	3,000.00
(FY 2021: 30,00,000 Redeemable Cumulative Preference Shares of ₹ 100 each)		
	<b>13,000.00</b>	<b>13,000.00</b>
Issued, subscribed and Paid up Share capital		
6,47,05,882 Equity shares of ₹ 10 each fully paid up	6,470.59	6,470.59
(FY 2021: 6,47,05,882 Equity Shares of ₹ 10 each)		
	<b>6,470.59</b>	<b>6,470.59</b>

**Shares held by promoters at at 31st March 2022 :**

Promoter Name	No of Shares	% of Total Shares	% change during the Year
Dr M Manickam, Chairman	92,813	0.14%	-
Sri M Balasubramaniam, Vice Chairman and Managing Director	192,000	0.30%	-

**Shares held by promoters at at 31st March 2021 :**

Promoter Name	No of Shares	% of Total Shares	% change during the Year
Dr M Manickam, Chairman	92,813	0.14%	-
Sri M Balasubramaniam, Vice Chairman and Managing Director	192,000	0.30%	-

**a) Reconciliation of shares outstanding at the beginning and end of the year**

Particulars	As at 31st March 2022		As at 31st March 2021	
	No. of Shares	Amount	No. of Shares	Amount
<b>Equity Shares with Voting Rights</b>				
Number of Shares at the beginning of the year	6,47,05,882	6,470.59	6,47,05,882	6,470.59
Number of Shares at the end of the year	6,47,05,882	6,470.59	6,47,05,882	6,470.59

**b) Details of shareholders holding more than 5% shares in the share capital of the company**

Particulars	As at 31st March 2022		As at 31st March 2021	
	% of Holding	No. of Shares	% of Holding	No. of Shares
<b>Equity Shares with Voting Rights</b>				
Sakthifinance Financial Services Limited	19.19	1,24,20,000	19.19	1,24,20,000
ABT Investments (India) Private Limited	13.49	87,27,400	13.49	87,27,400
Sakshi Financial Services (Cochin) Private Limited	11.06	71,57,128	11.06	71,57,128
Avdhoot Finance and Investment Private Limited	8.60	56,24,208	8.60	56,24,208
Sakshi Management Services (Coimbatore) Limited	6.70	43,35,434	7.09	45,85,434
Bridgewater Investment Corporation Limited	6.88	44,50,000	6.88	44,50,000
The Courier and Company Auto. limited	6.07	39,25,000	6.07	39,25,000
ABT Finance Limited	5.15	33,31,162	5.15	33,31,162

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

**c) Terms/ rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend is subject to the approval of the shareholders at the ensuing annual general meeting. The Board of Directors have, at their meeting held on 24th May 2022, recommended a dividend of 6 per cent, ₹ 0.60 per share (Dividend for 31st March 2021 : ₹0.60 per share) on equity shares. The Company declares and pays dividend in Indian rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

		(₹ Lakhs)	
Particulars	31st March 2022	31st March 2021	
Face Value per share (₹)	10.00	10.00	
Dividend Percentage	6%	6%	
Dividend per Share (₹)	0.60	0.60	
Dividend on equity shares	388.24	388.24	
<b>Total Dividend</b>	<b>388.24</b>	<b>388.24</b>	

Note : The dividends proposed for the financial year 31st March 2022 shall be paid to share holders on approval of the members of the company at the ensuing Annual General Meeting.

Particulars	(₹ Lakhs)	
	As at 31st March 2022	As at 31st March 2021
<b>23. OTHER EQUITY</b>		
<b>Reserves and Surplus</b>		
<b>Statutory Reserve as per Section 45-IC of the RBI Act 1934</b>		
Opening Balance	3,352.67	3,167.51
Add: Transfer from Retained Earnings	190.38	185.16
Closing balance	<u>3,543.05</u>	<u>3,352.67</u>
<b>Capital Reserve</b>		
Balance as at the Opening and Closing of the year	<u>52.61</u>	<u>52.61</u>
<b>Securities Premium</b>		
Opening Balance	1,429.80	1,430.92
Less: Preferential Issue of Equity Shares	-	1.12
Closing Balance	<u>1,429.80</u>	<u>1,429.80</u>
<b>General Reserve</b>		
Balance as at the Opening and Closing of the year	<u>4,436.00</u>	<u>4,436.00</u>
<b>Debenture Redemption Reserve</b>		
Balance as at the Opening and Closing of the year		
<b>Retained Earnings</b>		
Opening Balance	3,478.91	5,126.57
Add: Profit after tax for the year	951.88	925.79
	<u>4,430.79</u>	<u>4,052.36</u>
<b>Less: Appropriations</b>		
Equity Dividend (₹ 0.60 per share)	388.24	388.24
Transfer to Statutory Reserve	190.38	185.16
Closing Surplus	<u>3,852.17</u>	<u>3,478.91</u>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

(₹ Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Item of Other Comprehensive Income ("OCI")</b>		
<b>(i) Fair value changes in Equity Instruments</b>		
Opening Balance	(36.98)	(46.92)
Add: Income/(Expenses) for the year	<u>22.78</u>	<u>11.94</u>
Closing Balance	<u>(14.20)</u>	<u>(36.98)</u>
<b>(ii) Actuarial changes in Defined benefit obligations</b>		
Opening Balance	13.93	12.30
Add: Income/(Expenses) for the year	<u>10.44</u>	<u>1.63</u>
Closing Balance	<u>24.37</u>	<u>13.93</u>
Closing Balance (i) + (ii)	<u>10.17</u>	<u>(23.05)</u>
<b>Total</b>	<b>13,323.80</b>	<b>12,726.94</b>

**Nature and purpose of reserves**

**Capital reserve:** Capital reserve is the excess amount received on re-issue of forfeited equity shares in an earlier year.

**Securities Premium:** The amount received in excess of face value of the equity shares is recognised as Securities premium. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act 2013.

**General reserve:** Under the Companies Act, 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act, 2013 ("the Act"), the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of the Act.

**Debenture redemption reserve:**

Consequent to the amendment to the Companies (Share Capital and Debentures) Rules, the requirement to create Debenture Redemption Reserve ("DRR") is no longer required for listed NBFCs registered with Reserve Bank of India under Section 45-IA of the RBI Act 1934, for the value of outstanding both public issue of debentures and privately placed debentures.

The Company is required before 30th day of April of each year to deposit or invest, as the case may be, a sum which shall not be less than 15% of the amount of its debenture issued through public issue maturing within one year from the Balance sheet date. Accordingly the Company, subsequent to the year end has invested a sum of ₹ 900 lakhs (Previous Year ₹ 300 lakhs) in the form of fixed deposits with scheduled banks, representing 15% of the debenture issued through public issue, which are due for redemption within one year from the balance sheet date.

**Statutory reserve:** Every year the Company transfers a sum of not less than twenty per cent of net profit after tax of that year as disclosed in the statement of profit and loss to its Statutory Reserve as per Section 45-IC of The Reserve Bank of India Act 1934.

**The conditions and restrictions for distribution attached to statutory reserves as specified in Section 45-FC(1) in The Reserve Bank of India Act, 1934:**

- (1) Every non-banking financial company (NBFC) shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.
- (2) No appropriation of any sum from the reserve fund shall be made by the NBFC except for the purpose as may be specified by the RBI from time to time and every such appropriation shall be reported to the RBI within twenty-one days from the date of such withdrawal.

Provided that the RBI may, in any particular case and for sufficient cause being shown, extend the period of twenty-one days by such further period as it thinks fit or condone any delay in making such report.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

(5) Notwithstanding anything contained in sub-section (1), the Central Government may, on the recommendation of the RBI and having regard to the adequacy of the paid up capital and reserves of a NBFC in relation to its deposit liabilities, declare by order in writing that the provisions of sub-section (1) shall not be applicable to the NBFC for such period as may be specified in the order.

Provided that no such order shall be made unless the amount in the reserve fund under sub-section (1) together with the amount in the share premium account is not less than the paid-up capital of the NBFC.

**Retained earnings:** Retained earnings are the profits that the Company has earned till date less any transfers to statutory reserve, general reserve, dividend distributions paid to shareholders and transfer from debenture redemption reserve.

**Other Comprehensive Income:** Other Comprehensive Income comprises items of income and expenses that are not recognised in profit and loss as required or permitted by other Ind AS. They comprise of the following : (a) Cumulative gains/(losses) on account of remeasurement of post employment benefit obligations (b) Cumulative gains/(losses) on remeasurement of equity instruments measured at fair value through Other Comprehensive income. Such remeasurements are not reclassified to the statement of profit and loss in subsequent periods.

**Proposed dividend:** The Board of Directors of the Company have recommended a dividend of 6% being Rs.0.60 per share on the equity shares of the Company, for the year ended 31st March 2022 (Rs.0.60 per share - 31st March 2021) which is subject to approval of shareholders. Consequently the proposed dividend has not been recognised in the books in accordance with IND AS 10. (Also Refer Note 57).

Particulars	(₹ Lakhs)	
	For the Year ended 31st March 2022	For the Year ended 31st March 2021
<b>24. INTEREST INCOME</b>		
(On Financial Instruments measured at amortised cost)		
Income from Hire purchase operations	17,017.64	16,133.07
Interest from:		
- Loans	172.29	212.06
- Bank deposits	158.80	31.66
Investments	218.24	221.17
<b>Total</b>	<b>17,566.97</b>	<b>16,597.96</b>
There is no income on Financial Instruments measured at FVTOCI		
<b>25. FEES AND COMMISSION (Services rendered at a point in time)</b>		
- Service Charges	254.83	246.06
- Stamp and documentation charges	66.66	67.17
<b>Total</b>	<b>321.49</b>	<b>313.23</b>
<b>26. SALE OF POWER FROM WINDMILLS (Services rendered at a point in time)</b>		
Income from Wind mill -Sale of Electricity	177.88	181.07
<b>Total</b>	<b>177.88</b>	<b>181.07</b>
<b>27. OTHER INCOME</b>		
- Miscellaneous income	1.40	0.87
<b>Total</b>	<b>1.40</b>	<b>0.87</b>



**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

Particulars	(₹ Lakhs)	
	For the Year ended 31st March 2022	For the Year ended 31st March 2021
<b>28. FINANCE COSTS</b>		
(On Financial Liabilities measured at amortised cost)		
- Deposits	1,064.82	1,610.12
- Borrowings	1,920.21	2,506.24
- Debt Securities	3,672.04	2,941.86
- Sub-Ordinated Liabilities	3,723.67	3,208.85
- Lease Liability	36.28	29.18
Bank Charges	121.13	119.69
Debtenture Issue Expenses	217.70	117.02
<b>Total</b>	<u>10,775.85</u>	<u>10,532.96</u>
Note : There is no Finance Costs measured at FVTOCI		
<b>29. IMPAIRMENT ON FINANCIAL INSTRUMENTS</b>		
(On Financial Instruments measured at amortised cost)		
Loans	878.54	641.18
Trade Receivables	(4.69)	(23.69)
Investments	3.17	3.46
Debt Debts	157.35	166.76
<b>Total</b>	<u>1,034.37</u>	<u>787.71</u>
There is no impairment on Financial Instruments measured at FVTOCI		
<b>30. EMPLOYEE BENEFITS EXPENSES</b>		
Salaries and wages	2,608.36	2,386.58
Contributions to Provident and Other Funds	98.88	93.61
Staff Welfare Expenses	128.44	84.44
Gratuity	21.51	33.09
Leave Encashment	38.41	6.48
<b>Total</b>	<u>2,895.60</u>	<u>2,604.20</u>
<b>31. DEPRECIATION AND AMORTIZATION</b>		
Depreciation on Property plant and Equipment	242.08	245.17
Depreciation on Investment property	4.60	4.60
Amortization - Intangibles	26.67	27.63
Amortization - Right of use assets	217.72	144.30
<b>Total</b>	<u>491.07</u>	<u>421.70</u>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

(₹ Lakhs)

Particulars	For the Year ended 31st March 2022	For the Year ended 31st March 2021
<b>32. OTHER EXPENSES</b>		
Rent	35.39	60.59
Rates, Taxes and Licences	121.98	155.12
Stamping on documents	11.93	12.91
Communication	45.66	43.80
Insurance	12.99	13.22
Travelling and Conveyance	298.74	232.50
Printing and Stationery	34.24	37.58
Power and Fuel	29.50	28.42
Advertisements	17.02	12.30
Auditor's Remuneration - As Auditor:		
- Audit Fee	16.00	16.00
- Limited Review Fee	9.00	9.00
- Certification Fee	7.65	11.28
- Reimbursement of Expenses	2.87	2.17
Legal and Professional Charges	309.84	248.49
Repairs and Maintenance on:		
- Buildings	57.99	62.25
- Machinery	86.51	84.81
- Information Technology	218.49	179.46
- Other Assets	26.85	22.64
Filing Fees	9.80	10.03
Directors' Sitting Fees	34.70	22.70
Corporate Social Responsibility Expenses (Refer Note 38)	37.04	37.58
Loss on Sale of Property, Plant and Equipment	0.12	0.22
Miscellaneous Expenses	38.85	38.70
<b>Total</b>	<b>1,463.16</b>	<b>1,341.57</b>
<b>33. CONTINGENT LIABILITIES</b>		
Claims against the Company not acknowledged as debt:		
a) Income Tax Issues	226.99	9.83
b) Service Tax Issues	1,328.29	1,328.29
The Company had deposited with Service Tax department an amount of ₹ 98.63 lakhs against the demand relating to payment of Service credit under Protest. The Company had filed a writ petition before the Honourable High Court of Madras. The Hon'ble High Court of Madras had directed the Company on 9th November 2020 to proceed before the Customs Excise and Service Tax Appellate Tribunal (CESTAT). Accordingly, the Company has filed appeal before CESTAT.		
c) The pending litigations as at 31st March 2022 has been compiled and reviewed. The current position of litigations has been evaluated and effect thereof have been appropriately disclosed in the financial statements.		
d) Contingent Liabilities shall be Classified as:		
i) Claimed against the Company not acknowledged as debt	Nil	Nil
ii) Guarantees excluding financial guarantees; and	Nil	Nil
iii) Other money for which the Company is contingently liable	Nil	Nil
e) Commitments shall be classified as:		
i) Estimated amount of contracts remaining to be executed on Capital Account and not provided for;	Nil	Nil
ii) Uncalled liability on Shares and other Investments partly paid;	Nil	Nil
iii) Other Commitments (Specify nature);	Nil	Nil
<b>34. EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF :</b>		
Annual Maintenance Charges - Information Technology	94.97	85.79

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

(₹ Lakhs)

Particulars	For the	For the
	Year ended 31st March 2022	Year ended 31st March 2021
<b>35. REMITTANCE OF DIVIDEND IN FOREIGN CURRENCY</b>		
Year to which the dividend relates	2020-21	2019-20
No. of non-resident share holders	1	1
No. of shares on which dividend remittance was made	44,50,000	44,50,000
Amount remitted (₹ Lakhs)	21.15	21.15

**36. DETAILS OF CRYPTO CURRENCY OR VIRTUAL CURRENCY**

Period/Year ended or As at	31st March 2022	31st March 2021
Profit or Loss on transactions involving Crypto currency or Virtual Currency	-	-
Amount of currency held as at the reporting date	-	-
Deposits or advances from any person for the purpose of trading or investing in Crypto Currency or virtual currency	-	-

**37. ADDITIONAL REGULATORY DISCLOSURES (for the period from 1st April 2021 to 31st March 2022 and for the Year ended 31st March 2021)**

- There are no Title deeds of Immovable Properties that were not held in name of the Company.
- The Company measures investment property using cost based measurement.
- There were loans and advances in the nature of loans, which are granted to promoters, directors, KMP and other related parties (as defined under the Companies Act, 2013), either severally or jointly with any other persons that are repayable on demand or without specifying the terms or period of repayment.

Particulars	Amount of Loan (or) Advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans
Promoters	-	-
Directors	-	-
KMP's	9.17	0.01
Related Party	1,590.77	1.39%

- There were no proceedings that have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and the rules made thereunder.
- In respect of borrowings from banks or financial institutions on the basis of security of current assets, the Quarterly returns or statements of current assets filed by the company with banks or financial institutions are in agreement with the books of account.
- The Company has not been declared as a willful defaulter by any bank or financial institution or other lender.
- The Company did not have any transactions with the companies struck off under Section 248 of Companies Act, 2013 or Section 560 of Companies Act, 1956 except the following :

Particulars	Balance outstanding as at		Relationship with struck off company
	31st March 2022	31st March 2021	
First Choice Financial Services Private Limited	0.00	0.00	Equity Shareholder
Kothari & Sons (Nominees) Private Limited	0.00	0.00	Equity Shareholder
Kwality General Finance Associates Limited	0.00	0.00	Equity Shareholder
West Marbaram Suga Lending & Finance Limited	0.00	0.00	Equity Shareholder

Note : 0.00 denotes amounts less than Rs. 1,000/-

- The Company did not have any charges or satisfaction of charges (under the Companies Act, 2013, which are yet to be registered) with ROC beyond the statutory period.
- The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

understanding (whether recorded in writing or otherwise) that the Intermediary shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

- j. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- k. The Company has not entered into any Scheme of Arrangements that has been approved by the Competent Authority in terms of Sections 230 to 237 of the Companies Act, 2013. Therefore disclosures pertaining to the same are not applicable.
- l. The Company has no layers as per the provisions of clause (87) of Section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017 for the financial years ended 31st March 2022 and 31st March 2021.
- m. There are no transactions that are previously not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

### 38. NOTE ON EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY

The following is the information regarding projects/programmes undertaken and expenses incurred on CSR activities during the year ended 31st March 2022:

i. Amount required to be spent by the company during the year: ₹ 37.00 Lakhs (FY 2020-21: ₹ 37.58 Lakhs)

ii. Amount spent during the year on: (by way of contribution to the trusts and the projects undertaken) ₹ Lakhs

Particulars	31st March 2022	31st March 2021
a. Construction / acquisition of any asset	-	-
b. On purposes other than (a) above:	37.04	37.58
<b>Total</b>	<b>37.04</b>	<b>37.58</b>

Period / Year ended	31st March 2022	31st March 2021
Amount required to be spent by the company during the year	37.00	37.54
Amount of expenditure incurred	37.04	37.58
Shortfall at the end of the year	-	-
Total of previous years shortfall	Nil	Nil
Reason for shortfall	Nil	Nil
Nature of CSR activities		
1. Education	22.29	2.05
2. Health Care	13.55	16.11
3. Others	1.20	19.42
Details of related party transactions, (e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Indian Accounting Standard	11.35	0.40
Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.	Nil	Nil

Refer Note 44 on disclosure pursuant to Ind AS 24 - Related Party Disclosures for contributions to related party.

### 39. CAPITAL MANAGEMENT

The company does monitor the amount of capital required on the basis of factors like funding structure, capital adequacy ratio and leveraging ratios. The capital adequacy ratio working are given below. The capital structure is also monitored on the basis of Capital adequacy ratio.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

(₹ Lakhs)

Particulars	As at 31st March 2022			As at 31st March 2021 Ratio (%)	% of Variance	Reason for variance (if above 25%)
	Numerator	Denominator	Ratio (%)			
Capital to Risk Weighted Assets Ratio (CRAR)	26,325.33	121,547.13	21.66%	22.52%	-3.83%	NA
Tier - I Capital	16,697.54	121,547.13	13.74%	13.05%	5.27%	NA
Tier - II Capital	9,627.79	121,547.13	7.92%	9.47%	-16.36%	NA
Liquidity Coverage Ratio	2,886.23	418.44	692.22%	418.65%	33.10%	The reason for variance above 25% is due to change in methodology of calculation of ratio adopted as per the RBI circular dt. 4th November 2019.

The Company has complied with all regulatory requirements related to capital and capital adequacy ratios as prescribed by RBI.

Particulars	As at 31st March 2022	As at 31st March 2021
Tier - I Capital	16,697.54	15,702.71
Tier - II Capital	9,627.79	11,395.40
Total Capital	26,325.33	27,097.61
Aggregate of Risk Weighted Assets	121,547.13	120,332.70
Tier-I Capital adequacy ratio	13.74%	13.05%
Total Capital adequacy ratio	21.66%	22.52%

"Tier I Capital" means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund.

"Owned fund" means paid up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

"Tier II Capital" includes the following -

- preference shares other than those which are compulsorily convertible into equity;
- revaluation reserves at discounted rate of fifty five percent;
- General provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets;
- hybrid debt capital instruments;
- Sub-Ordinated debt to the extent the aggregate does not exceed Tier I capital and
- perpetual debt instruments issued by a non-deposit taking non-banking financial company which is in excess of what qualifies for Tier I Capital, to the extent the aggregate does not exceed Tier I capital.

**Aggregate Risk Weighted Assets:**

Under RBI Guidelines, degrees of credit risk expressed as percentage weightages have been assigned to each of the on-balance sheet assets and off-balance sheet assets. Hence, the value of each of the on-balance sheet assets and off-balance sheet assets requires to be multiplied by the relevant risk weights to arrive at risk adjusted value of assets. The aggregate shall be taken into account for reckoning the minimum capital ratio.

**40. MATURITY ANALYSIS OF ASSETS AND LIABILITIES**

The table below show the maturity analysis of Assets and liabilities according to when they are expected to be recovered or settled.

Particulars	As at 31st March 2022		As at 31st March 2021		Total
	Less than 12 months	More than 12 months	Less than 12 months	More than 12 months	
<b>ASSETS</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	1,449.51	-	1,534.11	-	1,564.11
Bank Balances other than Cash and Cash Equivalents	1,129.31	-	575.79	-	575.79
Derivative Financial Instruments	-	-	-	-	-
Receivables					
(i) Trade receivables	168.45	-	182.41	-	182.41
(ii) Other Receivables	16.56	-	3.52	-	3.52
Loans	52,813.83	55,437.37	48,734.87	60,568.82	109,353.73
Investments	375.13	2,112.75	200.54	2,407.74	2,608.28
Other Financial Assets	1,000.32	712.59	973.64	858.73	1,830.43
<b>Non-Financial Assets</b>					
Current tax Assets (net)	17.43	-	-	-	-
Deferred tax Assets (net)	-	217.94	-	-	-
Investment Property	-	275.21	-	279.81	279.81
Property, Plant, and equipment	-	5,946.63	-	6,172.79	6,172.79
Right of use assets	-	2,093.00	-	1,070.52	1,070.50
Intangible Assets under development	-	-	-	84.27	84.27
Other Intangible Assets	-	179.46	-	102.57	102.57
Other Non-Financial Assets	436.14	1,500.09	335.71	-	335.71
<b>Total Assets</b>	<b>59,407.45</b>	<b>67,532.55</b>	<b>51,220.59</b>	<b>71,554.83</b>	<b>123,775.42</b>

**NOTES TO THE ACCOUNTS (Contd....)**

Particulars	As at 31st March 2022		As at 31st March 2021		Total	Less than 12 months	More than 12 months	Total	Less than 12 months	More than 12 months	Total
	Less than 12 months	More than 12 months	Less than 12 months	More than 12 months							
<b>LIABILITIES AND EQUITY</b>											
Liabilities											
Financial Liabilities											
Payables											
(i) Trade Payables											
(i) Total outstanding dues of micro enterprises and small enterprises	0.28	-	0.28	-	0.28	3.76	-	-	-	-	3.26
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	127.75	-	127.75	-	127.75	140.62	-	-	-	-	140.62
(ii) Other Payables											
(i) Total outstanding dues of micro enterprises and small enterprises											
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	275.13	-	275.13	-	275.13	151.67	-	-	-	-	151.68
Debt Securities											
Borrowings (Other than debt securities)											
Deposits											
Short Term Financial Liabilities											
Long Term Financial Liabilities											
Non-Financial Liabilities											
Current tax liabilities (net)											
Provisions	122.65	-	122.65	-	122.65	69.07	60.02	69.07	60.02	-	138.09
Unfunded tax liabilities (net)											
Other Non-Financial Liabilities	69.55	-	69.55	-	69.55	60.47	-	60.47	-	-	68.47
Equity											
Equity Share Capital											
Other Equity											
Total Liabilities and Equity	46,851.14	80,085.86	1,26,937.00	35,903.17	1,26,937.00	35,903.17	57,810.75	35,903.17	57,810.75	1,23,775.62	1,23,775.62

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

**41. DISCLOSURE PURSUANT TO IND AS "7" - Change In Liabilities arising from Financing Activities**

(₹ Lakhs)

Particulars	31st March 2021	Cash Flows	Others	31st March 2022
Debt Securities	28,711.26	12,768.72	60.06	41,560.04
Deposits	17,086.35	(8,601.79)	56.04	8,540.60
Borrowings Other than Debt securities	73,059.16	(3,528.25)	(3,965.24)	15,565.69
Sub-Ordinated Liabilities	35,480.06	4,326.58	1,724.12	49,530.76
Lease Liability	331.61	1.45	53.11	386.17
<b>Total</b>	<b>1,02,668.44</b>	<b>4,986.73</b>	<b>(2,071.91)</b>	<b>1,05,583.26</b>

**42. DISCLOSURE PURSUANT TO IND AS "12" INCOME TAX**

**a. Explanation of Relationship between tax Expense and Accounting Profit**

Sl No	Particulars	FY 2021-22	FY 2020-21
1	Profit before Tax	1,292.04	1,257.44
2	Applicable Income Tax Rate (%)	25.17%	25.17%
3	Expected Income Tax Expense	325.23	316.48
4	Tax effect of adjustments to reconcile expected income tax expense at tax rate to reported income tax expense:		
	Effect of expenses / provisions not deductible in determining taxable profit	542.05	471.85
	Effect of expenses / provisions deductible in determining taxable profit	(266.10)	(480.90)
	Effect of tax incentives and concessions	-	-
	Effect of differential tax rate	-	-
	Effect of interest on tax	-	24.22
	Tax Effect of Adjustments	-	-
5	Tax Expense/(Income)	<b>601.19</b>	<b>331.65</b>

**b. Deferred Tax Asset/(Liabilities) - Major Components**

Sl No	Particulars	Balance as at 31st March 2021	Tax Expense/ (Income) charged in P&L	Tax Expense/ (Income) charged in OCI	Balance as at 31st March 2022
		(A)	(B)	(C)	D = (A) - (B+C)
1	Application of Expected Credit Loss on Financial Assets	793.33	(189.09)	-	982.42
2	Employee benefit expenses	20.72	(4.66)	3.51	30.87
3	Right of Use Assets and Lease Liabilities	7.35	(0.49)	-	7.84
4	Application of EIR On Financial Liabilities	(96.20)	(51.37)	-	(64.83)
5	Differences in carrying amount of Property, Plant and Equipment	(773.68)	135.32	-	(738.36)
	<b>Deferred Tax Asset / (Liabilities)</b>	<b>(39.48)</b>	<b>(260.93)</b>	<b>3.51</b>	<b>217.94</b>



**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

**c. Tax Items in Statement of Profit and Loss** (₹ Lakhs)

Sl No	Particulars	31st March 2022	31st March 2021
1	Current Tax Expense/(Income)	601.09	508.42
2	Deferred Tax Expense/(Income)		
	Amount of deferred tax expense/(income) relating to originating and reversal of temporary difference	(260.93)	(176.77)
	Amount of deferred tax expense/(income) relating to change in tax rates or the imposition of new taxes	-	-
	Income Tax Expense / (Income) recognised in statement of profit and loss	340.16	331.65

**d. Tax Items recognised in Other Comprehensive Income**

Sl No	Particulars	31st March 2022	31st March 2021
1	Tax Expense		
	- Current Tax Expense	-	-
	- (Deferred Tax Expense)	3.51	0.55
	Income Tax Expense/(Income) recognised in Other Comprehensive Income	3.51	0.55

e. There is no tax expense charged directly to other equity.

**f. Tax U/s 115 BAA of Income Tax Act**

Pursuant to the Taxation Laws (Amendment) Ordinance 2019, Finance (No. 2) Act, 2019, the Company had exercised the option permitted Under Section 115BAA of the Income Tax Act, 1961 to compute Income Tax at an effective rate (i.e. 25.17%) from the financial year 2019-20.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

**43. DISCLOSURE REQUIREMENTS UNDER IND AS 19 ("Employee Benefits")**

**a. Defined benefit obligation - Gratuity**

The Gratuity scheme is a defined benefit plan, that provides for a lumpsum payment upon death while in employment or at the time of separation. Based on rules of the scheme, the benefits are calculated on basis of last drawn salary and the period of service rendered and paid as lumpsum. There is a vesting period of 5 years. The plan involves the following risks that affect the liabilities and cash flows.

**1. Interest rates risk:**

The defined benefit obligation calculated using a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

**2. Salary inflation risk:**

Higher than expected increases in salary will increase the defined benefit obligation.

**3. Demographic risks:**

This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of this decrement on the DBO depend upon the combination of salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short service employees will be less compared to long service employees.

**4. Actuarial Risk:**

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons

**Adverse Salary Growth Experience:** Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

**Variability in mortality rates:** If actual mortality rates are higher than assumed mortality rate assumption then the Gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

**Variability in withdrawal rates:** If actual withdrawal rates are higher than assumed withdrawal rate assumption then the Gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date

**5. Investment Risk:**

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period

The following table summarises the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the Gratuity plan.

		(₹ Lakhs)	
Sl No	Particulars	As at 31st March 2022	As at 31st March 2021
I	<b>Present Value of Defined Benefit Obligation</b>		
	Defined benefit obligation at the beginning of the period	198.87	197.87
	(i) Current service cost	20.78	21.70
	(ii) Past Service Cost	-	-
	(iii) Interest cost	11.63	11.53
	(iv) Re-measurement Loss/(gain) due to:		
	(a) Changes in financial assumptions	(2.38)	(2.01)
	(b) Changes in demographic assumptions	-	(0.13)
	(c) Experience on defined benefit obligation	(6.63)	(6.80)
	(v) Benefits paid	(42.86)	(23.20)
	Defined benefit obligation as at the end of the period	179.41	198.87

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

₹ Lakhs

Sl No	Particulars	As at 31st March 2022	As at 31st March 2021
II	<b>Fair Value of Plan Assets</b>		
	Fair Value of Plan Assets at the beginning of the period	177.76	169.16
	(i) Benefits Paid	(42.86)	(23.20)
	(ii) Employer Contribution	19.98	18.02
	(iii) Expected Interest Income on Plan Assets	10.91	10.62
	(iv) Actuarial (Loss)/Gain from Return on plan Assets	4.93	(6.84)
	Fair Value of Plan Assets as at the end of the period	170.72	177.76
	<b>Net (Asset)/Liability Recognised in Balance Sheet (I-II)</b>	<b>8.69</b>	<b>21.11</b>
III	<b>Cost of Defined Benefit Plan for the Year</b>		
	(i) Current service cost	20.78	21.70
	(ii) Past Service Cost	-	-
	(iii) Interest Cost	11.63	11.53
	(iv) Expected Interest Income on Plan assets	(10.91)	(10.62)
	(v) Others	-	10.48
	<b>Net Cost recognized in the Statement of Profit and Loss</b>	<b>21.50</b>	<b>33.09</b>
IV	<b>Re-measurement (loss)/gain due to :</b>		
	(a) Changes in financial assumptions	(2.38)	(2.01)
	(b) Changes in demographic assumptions	-	(0.13)
	(c) Experience on defined benefit obligation	(6.63)	(6.89)
	Actuarial (Loss)/Gain from Return on plan assets	(4.93)	6.84
	<b>Net cost recognised in Other Comprehensive Income</b>	<b>(13.94)</b>	<b>(2.19)</b>
V	<b>Significant Actuarial Assumptions</b>		
	(i) Discount Rate	7%	6%
	(ii) Expected Return on Plan Assets	6%	6%
	(iii) Salary Escalation Rate	4%	4%
	(iv) Attrition Rate	19%	19%
VI	<b>Sensitivity Analysis for significant actuarial assumption</b>		
	(i) Discount Rate		
	+ 100 Basis Rate	(3.61%)	(3.48%)
	- 100 Basis Rate	3.95%	3.81%
	(ii) Salary Growth		
	+ 100 Basis Rate	3.78%	3.66%
	- 100 Basis Rate	(3.51%)	(3.40%)
	(iii) Attrition Rate		
	+ 100 Basis Rate	0.13%	0.00%
	- 100 Basis Rate	(0.15%)	(0.02%)

**b. Other Long Term Benefits - Leave Encashment**

The leave encashment is long term benefit plan, that provides for a lumpsum payment upon death of employee or at the time of separation. Based on scheme rules the benefits are calculated on the basis of last drawn salary and the leave count and paid as Lumpsum.

The benefit involves the following risks that affect the liabilities and cash flows.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

**1. Interest rates risk:**

The defined benefit obligation calculated using a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

**2. Salary inflation risk:**

Higher than expected increases in salary will increase the defined benefit obligation.

**3. Demographic risks:**

This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of this decrement on the DBO depend upon the combination of salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short service employees will be less compared to long service employees.

The following table summarises the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the Leave encashment plan. (₹ Lakhs)

Sl No	Particulars	As at 31st March 2022	As At 31st March 2021
<b>I</b>	<b>Present Value of Defined Benefit Obligation</b>		
	Defined benefit obligation at the beginning of the period	41.35	49.02
	(i) Current service cost	13.12	8.91
	(ii) Interest cost	1.38	1.83
	(iii) Re-measurement Loss/(gain) due to:		
	(a) Changes in financial assumptions	(0.84)	(0.38)
	(b) Changes in demographic assumptions	-	0.01
	(c) Experience on defined benefit obligation	46.45	(5.17)
	(iv) Benefits paid	(40.50)	(6.20)
	<b>Closing defined benefit obligation</b>	<b>60.96</b>	<b>49.02</b>
<b>II</b>	<b>Cost of Defined Benefit Plan for the Year</b>		
	(i) Current service cost	13.12	8.91
	(ii) Interest cost	1.38	1.83
	(iii) Others	23.91	(5.26)
	<b>Net Cost recognized in the Statement of Profit and Loss</b>	<b>38.41</b>	<b>5.48</b>
<b>III</b>	<b>Significant Actuarial Assumptions</b>		
	(i) Discount Rate	7%	6%
	(ii) Expected Return on Plan Assets	-	-
	(iii) Salary Escalation Rate	4%	4%
	(iv) Attrition Rate	19%	19%
<b>IV</b>	<b>Sensitivity Analysis for significant actuarial assumption</b>		
	(i) Discount Rate		
	+ 100 Basis Rate	(3.69%)	(3.73%)
	- 100 Basis Rate	4.60%	4.10%
	(ii) Salary Growth		
	+ 100 Basis Rate	3.63%	3.65%
	- 100 Basis Rate	(3.35%)	(3.31%)
	(iii) Discount Rate		
	+ 100 Basis Rate	0.06%	(0.05%)
	- 100 Basis Rate	(0.06%)	(0.08%)

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

**44. Disclosure pursuant to Ind AS "24" - Related Party Disclosure**

Relationships

A	Enterprises in which the Key Management Personnel and their relatives can exercise significant influence	ABT Ltd. ABT Finance Ltd ABT Foundation Ltd. ABT industries Ltd. ARC Retreading Co. Pvt. Ltd. N Mahalingam & Co Narhimuthu Industrial Association Ramanandha Adigalar Foundation Sakthifinance Financial Services Ltd. Sakthifinance Financial Services (Cochin) Private Ltd Sakthifinance Holdings Ltd. Sakthi Realty Holdings Ltd Sakthi Sugars Ltd. Sakthi Auto Components Ltd Sakthi Properties (Coimbatore) Ltd Sri Chamundeswari Sugars Ltd. Sri Sakthi Textiles Ltd. Sakthi Pelican Insurance Broking Private Limited The Gounder and Company Auto Ltd Sakthi foundation Suddha Sanmargo Nilayam The Vanavarayar Foundation Trust
B	Key Management Personnel	Dr M Manickam, Chairman Sri M Balasubramaniam, Vice Chairman and Managing Director Sri M Srinivasan, Director Dr A Selvakumar, Independent Director Sri P S Gopalakrishnan, Independent Director Smt Priya Bharsali, Independent Director Sri K P Ramakrishnan, Independent Director Dr S Veluswamy, Director (Finance & Operations) and CFO Sri Srinivasan Anand, Chief Financial Officer Sri S Venkatesh, Company Secretary and Chief Compliance Officer
C	Relatives of Key Management Personnel	Smt Vinodhini Balasubramaniam, Wife of Sri M Balasubramaniam Smt Sanyuktha Vanavarayar, Daughter of Sri M Balasubramaniam Selvi Shruthi Balasubramaniam, daughter of Sri M Balasubramaniam Sri Amrith Vishnu Balasubramaniam, Son of Sri M Balasubramaniam Sri M Harihara Suchan, Son of Dr M Manickam Smt Bhavani Gopal, Wife of Sri P S Gopalakrishnan Smt Latha Ramakrishnan, Wife of Sri K P Ramakrishnan Smt Karunambal Vanavarayar, Sister of Dr M Manickam Selvi Anusha Bharsali, daughter of Smt Priya Bharsali

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

Transactions / Material Transactions with Related Parties made during the year

₹ Lakhs

Sl No	Nature of Transactions	Related parties where significant influence is exercised where controls exist	Key Management Personnel	Relatives of Key Management Personnel	For the year ended 31st March 2022	For the year ended 31st March 2021
1	<b>Income</b>					
	<b>Rent received</b>					
	Sakthifinance Financial Services Ltd	7.12	-	-	7.12	3.52
	ABT Industries Ltd	18.90	-	-	18.90	-
	<b>Income from HP Operations</b>					
	Sakthi Foundation	19.22	-	-	19.22	21.76
	Suddha Sanmarga Nilayam	2.14	-	-	2.14	3.19
	<b>Interest Income</b>					
	ABT Industries Ltd.	75.01	-	-	75.01	78.65
2	<b>Expenses</b>					
	<b>Purchase of fuel and others</b>					
	N.Mahalingam & Co	10.22	-	-	10.22	7.47
	<b>Reimbursement of Expenses (Electricity / Internet charges)</b>					
	ABT Industries Ltd	7.87	-	-	7.87	9.70
	<b>Rent paid</b>					
	Smc Virudhini Balasubramaniam	-	-	2.40	2.40	2.40
	M. Srinivaasar	-	111.86	-	111.86	63.77
	ARC Retreading Company Pvt Ltd	2.23	-	-	2.23	2.07
	<b>Resource Mobilisation Charges</b>					
	Sakthifinance Financial Services Ltd.	77.00	-	-	77.00	153.55
	<b>Printing charges</b>					
	Nachimurhu Industrial Association	12.63	-	-	12.63	15.45
	Sakthi Sugars Ltd. (Om Sakthi)	2.31	-	-	2.31	3.60
	Sakthi Foundation	0.80	-	-	0.80	-
	<b>CSR Expenses</b>					
	Ramanatha Adigalar Foundation	-	-	-	-	0.40
	The Vanavarayar Foundation Trust	11.35	-	-	11.35	-
	<b>Remuneration</b>					
	M.Balasubramaniam	-	49.80	-	49.80	61.40
	S.Veluswamy	-	32.58	-	32.58	29.47
	Srinivasan Anand *	-	29.35	-	29.35	-
	S.Venkatesh	-	16.73	-	16.73	15.45
	<b>Perquisites</b>					
	S.Vel. Swamy	-	3.15	-	3.15	1.76
	<b>Employee Benefits</b>					
	M.Balasubramaniam	-	4.32	-	4.32	5.87
	S.Veluswamy	-	1.83	-	1.83	2.28
	Srinivasan Anand	-	0.55	-	0.55	-
	S.Venkatesh	-	0.99	-	0.99	1.14

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

(₹ Lakhs)

Sl No	Nature of Transactions	Related parties where significant influence is exercised where controls exist	Key Management Personnel	Relatives of Key Management Personnel	For the year ended 31st March 2022	For the year ended 31st March 2021
	<b>Commission</b> <sup>**</sup> M.Balasubramaniam	-	63.67	-	63.67	56.73
	<b>Sitting Fees</b> Non-Executive Directors					
	M.Manickam	-	3.50	-	3.50	1.90
	M.Srinivasan	-	4.20	-	4.20	2.60
	<b>Independent Directors</b>					
	A.Selvakumar	-	9.90	-	9.90	6.00
	P.S.Gopalakrishnan	-	3.60	-	3.60	3.50
	Priya Bhansali	-	5.50	-	5.50	4.10
	K.P.Ramakrishnan	-	8.00	-	8.00	5.00
** Subject to the approval of shareholders at the ensuing Annual General Meeting * CFO with effect from 3rd September 2021						
<b>3</b>	<b>Assets</b>					
	<b>Loans and advances given</b>					
	S.Venkatesh	-	-	-	-	15.00
	ADT Industries Ltd	410.00	-	-	410.00	-
	<b>Advance for Property, Plant and Equipment</b>					
	Sakthi Sugars Ltd.	1,500.00	-	-	1,500.00	-
	<b>Loans and advances repaid</b>					
	ART Industries Ltd	(410.00)	-	-	(410.00)	(499.00)
	S.Venkatesh	-	(5.00)	-	(5.00)	(0.83)
	<b>Outstanding as at the year end</b>					
	<b>Loans and advances</b>					
	Sakthi Properties (Coimbatore) Ltd	850.00	-	-	850.00	850.00
	Sakthi Foundation	81.66	-	-	81.66	121.18
	Suddha Sammarga Nilayam	9.01	-	-	9.01	18.96
	Sakthifinance Financial Services Ltd	31.49	-	-	31.49	29.26
	Sakthi Reality Holdings Ltd	-	-	-	-	0.01
	Sakthi Pelican Insurance Broking Private Ltd	10.83	-	-	10.83	10.83
	ART Industries Ltd	9.14	-	-	9.14	-
	S.Venkatesh	-	9.17	-	9.17	14.17
	<b>Rent / Other reimbursement receivables</b>					
	Sakthifinance Financial Services Ltd	14.87	-	-	14.87	9.15
	ART Industries Ltd.	6.80	-	-	6.80	-

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

(₹ Lacs)

Sl No	Nature of Transactions	Related parties where significant influence is exercised where controls exist	Key Management Personnel	Relatives of Key Management Personnel	For the year ended 31st March 2022	For the year ended 31st March 2021
<b>4</b>	<b>Liabilities</b>					
	Transactions during the year					
	<b>Investment in NCDs:</b>					
	ABT Finance Ltd	-	-	-	-	400.00
	Sakthifinance Financial Services Ltd	45.00	-	-	45.00	704.75
	Smt.Samyuktha Vanavarayar	-	-	120.00	120.00	-
	Miss.Shruthi Balasubramaniam	-	-	10.00	10.00	5.00
	Smt.Karunamba.Vanavarayar	-	-	300.00	300.00	-
	ABT Finance Ltd	-	-	-	-	12.46
	Sri P.S.Gopalakrishnan	-	-	-	-	10.00
	Smt.Vinodhini Balasubramaniam	-	-	-	-	10.00
	Smt.Lalitha Ramakrishnan	-	-	-	-	6.00
	Miss.Anusha Bhandali	-	-	-	-	10.00
	<b>Investment in Deposits:</b>					
	M. Harihara Sudhan	-	-	(7.74)	(7.74)	-
	<b>Investment in Redeemable Cumulative Preference Shares ("RCPS"):</b>					
	Sakchi Financial Services Cochin Pvt Ltd	216.70	-	-	216.70	-
	<b>Outstanding as at the year end</b>					
	<b>Investment in NCDs:</b>					
	ABT Finance Ltd	12.46	-	-	12.46	12.46
	Sakthifinance Financial Services Ltd	49.75	-	-	49.75	4.75
	Sakchi Financial Services (Cochin) Private Ltd	157.06	-	-	157.06	22.06
	Sri P.S.Gopalakrishnan	-	10.00	-	10.00	10.00
	Smt.Vinodhini Balasubramaniam	-	-	80.00	80.00	80.00
	Smt.Samyuktha Vanavarayar	-	-	195.00	195.00	75.00
	Miss.Shruthi Balasubramaniam	-	-	78.00	78.00	68.00
	Bhawani Gupta	-	-	10.00	10.00	10.00
	Smt.Lalitha Ramakrishnan	-	-	30.00	30.00	30.00
	Sri Harihara Sudhan Manickam	-	-	2.00	2.00	2.00
	Miss. Anusha Bhandali	-	-	10.00	10.00	10.00
	Smt.Karunambal Vanavarayar	-	-	300.00	300.00	-
	<b>Investment in Deposits:</b>					
	Sri Harihara Sudhan Manickam	-	-	-	-	7.74
	<b>Investment in SB Bonds:</b>					
	Smt.Vinodhini Balasubramaniam	-	-	10.00	10.00	10.00
	Ms.Shruthi Balasubramaniam	-	-	10.00	10.00	10.00
	<b>Investment in Redeemable Cumulative Preference Shares ("RCPS"):</b>					
	Sakchi Financial Services (Cochin) Private Ltd	216.70	-	-	216.70	-



**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

(₹ Lakhs)

Sl No	Nature of Transactions	Related parties where significant influence is exercised where controls exist	Key Management Personnel	Relatives of Key Management Personnel	For the year ended 31st March 2022	For the year ended 31st March 2021
	<b>Liabilities for Expenses Payable:</b>					
	A&T Ltd	-	-	-	-	3.79
	A&T Industries Ltd	-	-	-	-	7.97
	ARC Retreading Company Pvt Ltd	0.19	-	-	0.19	0.19
	Nachimuthu Industrial Association	0.28	-	-	0.28	3.26
	N. Mahalingam And Co.	0.99	-	-	0.99	0.98
	Sakthi Sugars Ltd.	0.61	-	-	0.61	0.66
	Commission Payable to Mr. Balasubramanian	-	63.67	-	63.67	56.73
	M.Srinivasan	-	5.73	-	5.73	2.89

**45. Disclosure pursuant to Ind AS 33 - Earnings Per Share**

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
a) Weighted average number of equity shares of ₹ 10 each		
(i) Number of shares at the beginning of the year	6,47,05,882	6,47,05,882
(ii) Number of shares at the end of the year	6,47,05,882	6,47,05,882
(b) Weighted average number of shares outstanding during the year (nos)	6,47,05,882	6,47,05,882
(c) Net Profit after tax available for equity shareholders (₹ lakhs)	985.10	959.37
Basic and diluted earnings per share (₹)	1.52	1.45

**46. FINANCIAL RISK MANAGEMENT FRAMEWORK**

The company is engaged in finance business and like any other NBFC is exposed to risks such as credit risk, liquidity risk, market risk, operational risks etc. The company follows proactive risk management practices to mitigate these risks. The risk management policies are periodically reviewed by the Risk Management Committee and Audit Committee.

**Credit Risk**

Credit risk is the risk that arises when the borrowers of the company are unable to meet the financial obligations.

The Company has a comprehensive and well-defined credit policy, which encompasses a credit approval process for all businesses along with guidelines for mitigating the risks associated with them. The appraisal process includes a detailed risk assessment of the borrowers, physical verifications and field visits. The company has a robust post sanction monitoring process supervision and follow-up to identify portfolio trends and early warning signals. This enables the company to implement necessary changes to the credit policy, whenever the need arises. Also being in asset finance, the company's lending is secured by adequate collaterals from the borrowers.

Repayment by individual customers and portfolio is tracked regularly and required steps for recovery are taken through follow ups and legal recourse.

In assessing the impairment of financial loans under Expected credit loss (ECL) Model, the assets have been segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial instrument. The difference in accounting between stages, relate to the recognition of expected credit losses and the measurement of interest income

The Company categorises loan assets into stages primarily based on the Days of Past Due Status.

Stage 1 : 0-30 days past due

Stage 2 : 31-90 days past due

Stage 3 : More than 90 days past due

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

### Expected Credit Loss ("ECL")

As a result of adoption of IndAs, the company has followed Ind As 109 for the calculation of expected credit loss. The measurement of ECL involves three main components viz,

Exposure at default (EAD), Probability of Default (PD) and Loss Given Default (LGD).

### Definition of Default

If the borrower is past due for more than 90 days on any material credit obligation to the Company; or the borrower is unlikely to pay his credit obligations to the Company in full, it is considered as default.

### Probability of Default (PD)

The Probability of Default is an estimate of the likelihood of an account getting into default over a given time horizon. The PD model reflects the probability of default, taking into consideration the residual tenor of each contract and it relies not only on historical information and the current economic environment, but also considers forward-looking information such as the forecasts on the macroeconomic factors like GDP, inflation rate etc.

### Loss Given Default

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

### Exposure at Default

Exposure at Default (EAD) is defined as the sum of Principal outstanding and interest accrued at the reporting date.

### Collateral Valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as movable and immovable assets, guarantees, etc.

### Write-offs

Financial assets are written off either partially or in their entirety only when the Company has no reasonable expectation of recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference recorded as an expense in the period of write off. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

The following table provides an overview of the gross carrying amount of loan assets stage-wise :

Particulars	31st March 2022			31st March 2021			Total	Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3		
Balance at the beginning of the year	97,136.73	10,255.72	5,594.01	111,986.46	69,753.09	4,983.03	118,037.71	118,037.71
New business - net of recovery	53,042.83	1,676.15	47.14	54,556.12	1,384.44	-	50,843.26	50,843.26
Transfer due to change in credit worthiness								
Stage 1	2,639.69	(2,486.81)	(432.88)	-	3,455.57	(41.92)	(41.92)	(41.92)
Stage 2	(6,071.61)	6,402.17	(30.56)	-	(6,197.08)	(105.94)	(105.94)	(105.94)
Stage 3	(1,495.61)	(684.56)	1,739.17	-	(1,203.51)	2,420.88	2,420.88	2,420.88
Financial assets that have been derecognised	(45,956.83)	(5,456.32)	(1,129.01)	(52,542.78)	(5,397.49)	(1,315.70)	(47,727.44)	(47,727.44)
Write off during the year	(56.42)	(5.87)	(93.06)	(157.35)	(71.22)	(6.80)	(136.74)	(136.74)
Balance at the end of the year	99,679.78	9,400.48	5,942.11	114,812.47	92,176.73	5,594.01	112,986.46	112,986.46

(₹ Lakhs)

The following table provides an overview of the Expected Credit Loss, stage-wise :

Particulars	31st March 2022			31st March 2021			Total	Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3		
Balance at the beginning of the year	130.73	206.92	3,205.09	3,632.74	97.17	2,571.69	2,994.59	2,994.59
New business - net of recovery	80.99	11.99	1.40	94.38	36.00	-	71.29	71.29
Transfer due to change in credit worthiness								
Stage 1	19.90	(18.74)	(1.19)	-	(11.60)	(0.44)	(0.44)	(0.44)
Stage 2	(58.78)	59.50	(0.52)	-	(179.80)	(3.39)	(3.39)	(3.39)
Stage 3	(174.16)	(196.07)	370.23	-	(247.36)	(84.98)	(84.98)	(84.98)
Financial assets that have been derecognised	(63.61)	(33.45)	(397.06)	(867.22)	(7.18)	(259.03)	(679.39)	(679.39)
Write off during the year	(23.50)	(24.45)	(35.12)	(85.07)	(6.36)	(106.98)	(119.78)	(119.78)
Balance at the end of the year	470.79	95.53	3,936.95	4,511.27	130.72	3,205.09	3,632.73	3,632.73

31st March 2022

31st March 2021

Stage	31st March 2022			31st March 2021			Net Carrying Value	Net Carrying Value
	Gross Value	Impairment Allowance	Net Carrying Value	Gross Value	Impairment Allowance	Net Carrying Value		
Stage 1	99,679.78	478.79	99,200.99	97,136.73	330.72	97,005.81	97,005.81	
Stage 2	9,400.48	95.53	9,304.95	10,255.72	236.92	9,318.80	9,318.80	
Stage 3	5,942.21	3,936.95	2,005.26	5,594.01	3,205.09	4,388.92	4,388.92	
Total	1,14,822.47	4,511.27	1,10,311.20	1,12,986.46	4,512.73	1,09,353.73	1,09,353.73	

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

**Geographical break-up of portfolio - Net Stock on Hire**

(₹ Lakhs)

Particulars	FY 2022	FY 2021
Tamil Nadu & Puducherry	94,816	92,271
Kerala	14,897	15,579
Karnataka	2,409	2,287
Andhra	1,284	2,009
<b>Total</b>	<b>1,14,406</b>	<b>1,12,645</b>

**Portfolio composition - Net Stock on Hire**

Particulars	FY 2022	FY 2021
Commercial Vehicles	1,02,620	1,00,345
Cars & Jeeps	8,112	9,173
Construction Equipment	2,929	2,435
Machinery	670	669
Consumer Durables	75	5
<b>Total</b>	<b>1,14,406</b>	<b>1,12,645</b>

**Liquidity Risk**

Liquidity risk is the risk related to cash flows and the inability to meet the company's liabilities as and when they become due. It arises from the mismatches in the maturity pattern to cope with a decline in liabilities or increase in assets.

The Company monitors these risks through appropriate risk limits. Asset Liability Management Committee ("ALCO") reviews these risks and related trends and helps adopt various strategies related to assets and liabilities, in line with company's risk management framework.

The contracted cash flow arising out of the financial liabilities and financial assets as at 31st March 2022 is furnished hereunder:

Particulars	Up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
<b>Financial Liabilities</b>							
Deposits	2,096.24	2,007.06	2,308.65	2,379.87	-	-	8,791.80
Borrowings	7,401.46	2,166.92	13,595.67	60,020.66	13,677.51	-	96,862.32
Foreign Currency Assets	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-
<b>Total</b>	<b>9,497.70</b>	<b>4,173.98</b>	<b>15,904.30</b>	<b>62,400.53</b>	<b>13,677.61</b>	<b>-</b>	<b>1,05,654.12</b>
<b>Financial Assets</b>							
Cash and cash equivalents	270.41	-	-	-	-	-	270.41
Bank balances	7,308.40	-	-	-	-	-	2,308.40
Loans	14,922.10	14,125.03	25,766.70	51,359.65	3,420.27	717.45	1,10,311.20
Investments	-	249.04	155.02	1,046.14	514.65	552.18	2,467.88
Other financial assets	674.27	200.86	415.48	774.74	-	707.47	2,917.71
<b>Total</b>	<b>18,315.12</b>	<b>14,565.94</b>	<b>26,317.26</b>	<b>53,180.53</b>	<b>3,934.90</b>	<b>1,977.05</b>	<b>1,18,290.60</b>

The contracted cash flow arising out of the financial liabilities and financial assets as at 31st March 2021 is furnished hereunder:

Particulars	Up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
<b>Financial Liabilities</b>							
Deposits	1,387.46	3,902.83	3,816.16	8,328.95	-	-	17,435.40
Borrowings	5,277.62	2,759.64	16,082.21	23,780.98	75,507.36	-	85,487.15
Foreign Currency Assets	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-
<b>Total</b>	<b>6,665.28</b>	<b>6,662.67</b>	<b>21,878.37</b>	<b>42,109.93</b>	<b>75,507.36</b>	<b>-</b>	<b>1,02,917.55</b>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

(₹ Lakhs)

Particulars	Up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
<b>Financial Assets</b>							
Cash and cash equivalents	714.34	-	-	-	-	-	714.34
Bank balances	937.29	-	101.20	-	-	-	1,038.39
Loans	12,827.84	12,406.18	72,540.85	54,096.22	5,098.34	474.30	1,09,353.73
Investments	-	-	200.54	1,073.17	813.44	781.13	2,668.28
Other financial assets	864.33	217.19	142.46	800.76	738.88	-	2,963.62
<b>Total</b>	<b>15,353.70</b>	<b>12,623.37</b>	<b>24,185.05</b>	<b>56,870.15</b>	<b>6,450.66</b>	<b>1,255.43</b>	<b>1,16,738.36</b>

**Market Risk**

Market Risk is the risk arising in financial instruments due to changes in market variables such as interest rates, liquidity etc. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximising the return.

**Interest Rate Risk**

Interest Rate Risk is the possibility of loss arising from changes in the value of financial instruments as result of changes in market variables such as interest rates and other asset prices. The Company's exposure to market risk is a function of asset liability management activities. Except the borrowings from banks, the interest rates of which are linked to MCLR, other borrowings are fixed rate instruments. The Company has not availed any foreign currency borrowings. The major portion of lending is at fixed rates.

The interest rate profile of the interest bearing financial instruments is as follows

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Financial assets</b>		
Fixed rate instruments		
Loans	1,14,822.47	1,12,986.46
Investments	2,374.44	2,577.61
Bank Balances	182.79	318.96
Variable rate Instruments	-	-
<b>Total</b>	<b>1,17,379.70</b>	<b>1,15,883.03</b>
<b>Financial Liabilities</b>		
Fixed rate instruments		
Debt securities	41,740.44	28,893.61
Borrowings (other than debt securities)	5,051.56	8,494.11
Deposits	8,791.80	17,435.40
Sub-Ordinated liabilities	38,065.89	31,687.13
Preference Shares	-	1,842.25
Variable rate instruments		
Bank Borrowings	10,514.13	14,565.05
<b>Total</b>	<b>1,04,163.82</b>	<b>1,02,917.55</b>

As the fixed rate instruments are carried at amortised cost, their carrying amount will not vary because of changes in market interest rate.

A cash flow sensitivity analysis for variable rate instruments, indicating the possible change in Profit and Loss / equity for 1% change in interest rate is furnished hereunder:

Particulars	31st March 2022		31st March 2021	
	1% increase in interest rate	1% decrease in interest rate	1% increase in interest rate	1% decrease in interest rate
Variable rate instruments- carrying amount	+77	(77)	+83	(83)

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

**Operational Risk**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems or from external events.

The operational risks of the company are managed through comprehensive internal control systems and procedures and key back up processes.

Further submission of exceptional reports for procedural lapses at the branches level, risk based audits on a regular basis across all business units/functions and IT disaster recovery plans are put in place for evaluating key operational risks the processes of which are meant to adequately mitigate them on an on-going basis.

**47. Disclosure Pursuant To Ind AS "108" - Operating Segments**

The Company is primarily engaged in the business of asset financing. This, in the context of Ind AS 108 on "Operating Segments" notified by the Companies (Indian Accounting Standards) Rules 2016, is considered to constitute a single primary segment.

The Company operates in single segments only. There are no operations outside India and hence there is no external revenue or assets which require disclosure.

**48. Disclosure pursuant to Ind AS "113"**

**1. Financial Assets designated at Fair value through Other Comprehensive Income**

(₹ Lakhs)

Particulars	Fair Value Hierarchy	As at 31st March 2022	As at 31st March 2021
Investment in Equity Instruments	Level 1	75.09	52.32

**2. Financial assets and financial liabilities measured at amortised cost as at 31st March 2022**

Particulars	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial Assets</b>					
Cash and Cash Equivalents	1,449.51	1,449.51	-	-	1,449.51
Bank Balances other than Cash and Cash Equivalents	1,129.31	1,129.31	-	-	1,129.31
Trade Receivables	185.81	-	230.28	-	230.28
Loans	1,10,311.20	-	-	1,10,311.20	1,10,311.20
Investments	2,417.79	2,507.28	38.35	-	2,545.53
Other Financial Assets	1,712.91	-	1,712.91	-	1,712.91
<b>Financial Liabilities</b>					
<b>Payables</b>					
(i) Trade Payables	128.04	-	128.04	-	128.04
(ii) Other Payables	175.13	-	175.13	-	175.13
Debt Securities	41,560.04	30,836.75	10,723.29	-	41,560.04
Borrowings (Other than debt securities)	15,565.69	15,565.69	-	-	15,565.69
Deposits	8,540.60	-	-	8,540.60	8,540.60
Sub-Ordinated Liabilities	39,530.77	-	-	39,530.77	39,530.77
Other Financial Liabilities	1,426.15	-	1,426.15	-	1,426.15

**3. Financial assets and financial liabilities measured at amortised cost as at 31st March 2021**

Particulars	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial Assets</b>					
Cash and Cash Equivalents	1,364.11	1,364.11	-	-	1,364.11
Bank Balances other than Cash and Cash Equivalents	375.79	375.79	-	-	375.79
Trade Receivables	185.93	-	235.09	-	235.09
Loans	1,09,353.73	-	-	1,09,353.73	1,09,353.73
Investments	2,615.96	2,776.55	58.37	-	2,814.92
Other Financial Assets	1,830.43	-	-	1,830.43	1,830.43

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

(₹ Lakhs)

Particulars	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial Liabilities</b>					
Payables					
(i) Trade Payables	143.88	-	143.88	-	143.88
(ii) Other Payables	151.48	-	151.48	-	151.48
Debt Securities	28,711.26	16,938.78	11,772.48	-	28,711.26
Borrowings (Other than debt securities)	23,059.16	23,059.16	-	-	23,059.16
Deposits	17,086.35	-	-	17,086.35	17,086.35
Sub-Ordinated Liabilities	33,480.06	-	33,480.06	-	33,480.06
Other Financial Liabilities	1,672.37	-	1,672.37	-	1,672.37

Note:

The Management assessed that cash and cash equivalents, bank balances other than cash and cash equivalents, receivables, other financial assets, payables, and other financial liabilities approximates their carrying amount largely due to short-term maturities of these instruments.

There were no transfers between level 1 and level 2 for any asset or liabilities during the year.

**49. Disclosure Pursuant to Ind AS "116" Leases**

**In cases of Leases where the Company is a lessee (Operating Lease)**

The Company's lease asset class primarily consists of land and buildings taken on lease for Corporate office and Branch office premises used for operating activities

Particulars	31st March 2022	31st March 2021
(a) Depreciation charge for Right-of-Use Assets	217.72	144.30
(b) Interest expense on Lease Liabilities	36.28	29.18
(c) The expense relating to short-term leases	-	-
(d) The expense relating to leases of low-value assets	35.39	60.39
(e) Total cash outflow for leases	231.81	215.75
(f) Additions to right-of-use assets	-	-
(g) The carrying amount of right-of-use assets at the end of the reporting period	1,093.60	1,070.50

**Maturity Analysis**

	31st March 2022	31st March 2021
Less than 1 year	214.23	127.27
1-5 years	194.54	159.03
3-5 years	21.53	81.17
More than 5 years	10.32	51.55
Total future undiscounted cash outflow on lease liability	440.62	419.00

**In cases of leases where the Company is a lessor (Operating Lease)**

The Company has given four buildings on operating lease for commercial purposes and recognises the income as per the contractual terms of lease.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

**50. Disclosures under RBI Directions**

50.1 Schedule to the Balance Sheet of a Non-Banking Financial Company as required under Master Direction- Non Banking Financial Company / Systemically Important Non-Deposit taking Company and Deposit-taking company (Reserve Bank) Directions 2016 (₹ Lakhs)

Sl. No.	Particulars	As at 31st March 2021		As at 31st March 2021	
		Amount outstanding	Amount Overdue #	Amount outstanding	Amount Overdue #
(1)	<b>Liabilities Side:</b>				
	Loans and advances availed by the Non Banking Financial Company, inclusive of interest accrued thereon but not paid:				
	(a) Debentures : Secured	41,740.44	180.40	18,893.61	182.35
	: Unsecured (Other than falling within the meaning of Public deposit)	-	-	-	-
	(b) Deferred Credits	-	-	-	-
	(c) Term Loans	3,810.72	-	5,568.31	-
	(d) Inter-Corporate loans and borrowing	1,240.84	-	1,915.80	-
	(e) Commercial paper	-	-	-	-
	(f) Public Deposits	8,791.80	251.20	17,435.40	349.05
	(g) Sub-Ordinated Debts	39,556.18	25.41	33,529.38	49.32
	(h) Other loans - Cash Credit	10,514.13	-	14,565.05	-
(2)	Break-up of (a) (f) and (g) above (Outstanding Public deposits inclusive of interest accrued thereon but not paid):				
	(a) In the form of Unsecured Debentures	11,640.38	-	6,460.97	-
	(b) In the form of Partly secured Debentures i.e. debentures where there is a short fall in the value of security	-	-	-	-
	(c) Other Public Deposits	8,791.80	251.20	17,435.40	349.05
	(d) Sub-Ordinated Debts	26,425.51	25.41	25,226.16	49.32
	# Represents unclaimed deposits and interest accrued thereon				
(3)	<b>Assets Side:</b>				
	Break-up of Loans and Advances including bills receivables (Other than those included in (4) below):		Amount outstanding		Amount outstanding
	(a) Secured		-		-
	(b) Unsecured		416.20		341.44
(4)	Break-up of Leased Assets and Stock on Hire and Other assets counting towards AFC activities:				
	(1) Lease Assets including lease rentals underundry Debtors				
	(a) Finance Lease		-		-
	(b) Operational Lease		-		-
	(2) Assets on Hire including Hire charges underundry Debtors				
	(a) Stock on Hire		1,14,215.90		1,11,435.69
	(b) Repossessed Assets		100.37		109.33
	(3) Other items counting towards AFC activities				
	(a) Loans where assets have been repossessed		-		-
	(b) Loans other than (a) above		-		-



**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

(₹ Lacs)

		As at 31st March 2022	As at 31st March 2021
(5)	<b>Break-up of Investments:</b>		
	<b>Current Investments:</b>		
	1. Quoted		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-
	2. Unquoted		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-
	<b>Long Term Investments</b>		
	1. Quoted		
	(i) Shares: (a) Equity	75.09	52.32
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	2,374.44	2,577.51
	(v) Others	-	-
	2. Unquoted		
	(i) Shares: (a) Equity	38.41	58.61
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

(6) Borrower group-wise classification of assets financed as in 3 and 4 above							(₹ Lakhs)
Category	31st March 2022 (Amount net of provisions)			31st March 2021 (Amount net of provisions)			
	Secured	Unsecured	Total	Secured	Unsecured	Total	
1. Related parties							
(a) Subsidiaries	-	-	-	-	-	-	
(b) Companies in the same group	-	-	-	-	-	-	
(c) Other related parties	99.77	9.7	99.94	140.14	14.17	154.31	
2. Other than related parties	1,09,804.23	407.03	1,10,211.26	1,06,872.15	227.57	1,09,199.42	
<b>Total</b>	<b>1,09,835.00</b>	<b>416.73</b>	<b>1,10,311.20</b>	<b>1,09,011.49</b>	<b>241.44</b>	<b>1,09,353.73</b>	
(7) Investor group-wise classification of all investments (Current and non-current Long term) in shares and securities (both quoted and unquoted)							
Category	Market value / Break up or fair value of NAV	Book value (Net of provisions)	Market value / Break up or fair value of NAV	Book value (Net of provisions)			
	31st March 2022	31st March 2021	31st March 2022	31st March 2021			
1. Related parties							
(a) Subsidiaries	-	-	-	-			
(b) Companies in the same group	110.43	110.39	87.66	87.62			
(c) Other related parties	-	-	-	-			
2. Other than related parties	2,371.09	2,377.49	7,356.05	7,390.86			
<b>Total</b>	<b>2,481.52</b>	<b>2,487.88</b>	<b>7,443.71</b>	<b>7,478.48</b>			
(8) Other information							
Particulars	Amount		Amount				
(i) Gross Non Performing Assets	5,942.21		5,942.01				
(a) Related parties	-		-				
(b) Other than Related parties	5,942.21		5,942.01				
(ii) Net Non Performing Assets	7,355.20		7,577.93				
(a) Related parties	-		-				
(b) Other than Related parties	7,355.20		7,577.93				
(iii) Assets acquired in satisfaction of debt	-		-				

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

50.2 Balance Sheet disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit - Taking Company (Reserve Bank) Directions 2016 (₹ Lakhs)

Sl No	Particulars	31st March 2022	31st March 2021
1	<b>Capital to Risk (Weighted) Assets Ratio</b>		
	CRAR (%)	21.66	22.52
	CRAR - Tier I Capital (%)	13.74	13.05
	CRAR - Tier II Capital (%)	7.92	9.47
	Amount of Sub-Ordinates debt considered as Tier II Capital	6,519.72	16,302.20
	Amount raised by issue of Perpetual Debt Instruments	-	-
2	<b>Investments</b>		
	<b>Value of Investments</b>		
	Gross Value of Investments		
	In India	2,487.94	2,668.34
	Outside India	-	-
	<b>Provisions for Diminution in value of Investments</b>		
	In India	0.06	0.06
	Outside India	-	-
	<b>Net Value of Investments</b>		
	In India	2,487.88	2,668.28
	Outside India	-	-
	<b>Movement of provisions held towards diminution in value of investments</b>		
	Opening balance	0.06	0.06
	Add: Provisions made during the year	-	-
	Less: Write-off / write-back of excess provisions during the year	-	-
	Closing balance	0.06	0.06
3	<b>Derivatives</b>		
	Forward Rate Agreement / Interest Rate Swap	-	-
	Exchange Traded Interest Rate (IR) Derivatives	-	-
	Disclosures on Risk Exposure in Derivatives Qualitative Disclosure:-	-	-
	The Company has no derivatives transactions	-	-
4	<b>Disclosures relating to Securitisation</b>		
	SPV and Minimum Retention Requirements	-	-
	Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction	-	-
	Details of Assignment transactions undertaken by NBFCs	-	-
	Details of non-performing financial assets purchased / sold	-	-
	Details of non-performing financial assets purchased	-	-
	Details of Non-performing Financial Assets sold	-	-

**NOTES TO THE ACCOUNTS (Contd.....)**

(₹ Lakhs)

Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as on 31st March 2022											
S.No	Particulars	Jan 0-7 days	Apr 8-14 days	May 15-20 days	Over 1 Month upto 1 Month	Over 2 Months upto 3 Months	Over 3 Months upto 6 Months	Over 6 Months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Total
i)	Deposits	57.46	107.09	296.69	945.27	859.75	7667.06	2,808.63	2,379.87	-	5,791.60
ii)	Advances	12,56.05	874.63	2,189.64	3,954.95	3,691.01	5,413.04	15,755.70	51,376.85	3,420.27	110,311.10
iii)	Investments	-	-	-	-	-	246.05	135.66	1,046.11	5,544.6	2,487.88
iv)	Borrowings	86.17	63.55	317.76	6,361.96	789.02	2,156.49	11,545.67	11,040.66	55,677.50	96,862.31
v)	Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-
vi)	Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-
Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as on 31st March 2021											
S.No	Particulars	Jan 0-7 days	Apr 8-14 days	May 15-20 days	Over 1 Month upto 2 Month	Over 2 Months upto 3 Months	Over 3 Months upto 6 Months	Over 6 Months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Total
i)	Deposits	129.55	214.74	296.12	475.32	239.86	1,994.85	1,816.16	3,328.53	-	17,435.40
ii)	Advances	1,121.79	840.95	2,390.45	4,371.44	4,472.77	11,439.38	73,346.05	50,996.22	6,74.30	109,353.73
iii)	Investments	-	-	-	-	-	-	400.54	1,075.17	781.25	2,668.20
iv)	Borrowings	174.53	57.46	1,253.55	2,677.77	375.67	2,759.84	18,062.21	33,780.24	95,361.20	83,482.15
v)	Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-
vi)	Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

(₹ Lakhs)

Sl No	Particulars	31st March 2022	31st March 2021															
<b>6</b>	<b>Exposures</b>																	
(i)	Exposure to Real Estate Sector		-															
(ii)	Exposure to Capital Market		-															
a	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt	113.50	90.73															
b	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESDPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds	-	-															
c	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	-	-															
d	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances	-	-															
e	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers.	-	-															
f	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources.	-	-															
g	Bridges loans to companies against expected equity flows / issues	-	-															
h	All exposures to Venture Capital Funds (both registered and unregistered)	-	-															
	<b>Total Exposure to Capital Market</b>	<b>113.50</b>	<b>90.73</b>															
(iii)	Details of financing of parent company products	Nil	Nil															
(iv)	Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the NBFC	Nil	Nil															
(v)	Unsecured Advances	416.20	341.44															
<b>7</b>	<b>Miscellaneous</b>																	
(i)	Registration obtained from other financial sector regulators	NA	NA															
(ii)	Disclosure of Penalties imposed by RBI and other regulators	-	-															
(iii)	Related Party Transactions - Ref. Note 44																	
(iv)	Ratings assigned by credit rating agencies and migration of ratings during the year																	
	<table border="1"> <thead> <tr> <th>Sl No.</th> <th>Particulars</th> <th>ICRA Ltd</th> </tr> </thead> <tbody> <tr> <td>(i)</td> <td>Deposits</td> <td>(CRA) MA-Stable</td> </tr> <tr> <td>(ii)</td> <td>Debentures</td> <td>(ICRA) BB3 Stable</td> </tr> <tr> <td>(iii)</td> <td>Long Term Borrowings</td> <td>(ICRA) BB3 Stable</td> </tr> <tr> <td>(iv)</td> <td>Short-Term Borrowings</td> <td>(ICRA) A2</td> </tr> </tbody> </table>	Sl No.	Particulars	ICRA Ltd	(i)	Deposits	(CRA) MA-Stable	(ii)	Debentures	(ICRA) BB3 Stable	(iii)	Long Term Borrowings	(ICRA) BB3 Stable	(iv)	Short-Term Borrowings	(ICRA) A2		
Sl No.	Particulars	ICRA Ltd																
(i)	Deposits	(CRA) MA-Stable																
(ii)	Debentures	(ICRA) BB3 Stable																
(iii)	Long Term Borrowings	(ICRA) BB3 Stable																
(iv)	Short-Term Borrowings	(ICRA) A2																
	Migration of ratings during the year : Nil																	
(v)	Remuneration of Directors																	
	Ref. Page No. 39 of Corporate Governance Report 2022																	

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

(₹ Lakhs)

Sl No	Particulars	31st March 2022	31st March 2021
(vi)	Management Ref. Management and Discussion and Analysis Report on Page No. 27		
(vii)	Net Profit or Loss for the period, prior period items and changes in accounting policies	Nil	Nil
<b>8</b>	<b>Other Disclosures</b>		
(i)	Provisions and Contingencies Break up of 'Provisions and Contingencies' shown under the head expenditure in Statement of Profit and Loss		
a	Provisions for diminution in value of investment	3.17	3.46
b	Provision towards NPA	878.54	641.18
c	Provision for Standard Assets	-	-
d	Provision made towards Income Tax	340.16	331.65
e	Other Provision and Contingencies (with details)	(4.69)	(23.69)
(ii)	Draw down from Reserves		-
(iii)	Concentration of Deposits, Advances, Exposures and NPAs		
a	Concentration of Deposits: Total Deposits of twenty largest depositors	416.06	553.10
	Percentage of Deposits of twenty largest depositors to Total Deposits	4.73%	3.18%
b	Concentration of Advances: Total Advances to twenty largest borrowers	1,398.28	1,613.13
	Percentage of Advances to twenty largest borrowers to Total Advances	1.22%	1.43%
c	Concentration of Exposures: Total Exposure to twenty largest borrowers / customers	860.24	1,052.09
	Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	0.75%	0.93%
d	Concentration of NPAs: Total Exposure to top four NPA accounts	73.50	72.28
e	Sector-wise NPAs		
		<b>% NPAs to Total Advances in that sector</b>	
(i)	Agriculture & allied activities	1.62%	3.64%
(ii)	MSME - Engineering	-	-
(iii)	Corporate borrowers - Textiles	-	-
(iv)	Services - Others	1.42%	0.92%
(v)	Unsecured personal loans	-	-
(vi)	Auto loans - Transport	6.23%	6.40%

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

(₹ Lakhs)

Sl No	Particulars	31st March 2022	31st March 2021
(i)	Movement of NPAs Net NPAs to Net Advances (%)	2.14%	2.50%
(ii)	Movement of NPAs (Gross)		
	Opening balance	5,594.01	4,983.03
	Additions during the year	2,223.89	2,508.70
	Reductions during the year	1,875.69	1,897.72
	Closing balance	5,942.21	5,594.01
(iii)	Movement of Net NPAs		
	Opening balance	2,522.83	2,439.42
	Additions during the year	1,380.13	1,682.19
	Reductions during the year	1,547.76	1,596.78
	Closing balance	2,355.20	2,522.83
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	Opening balance	3,071.18	2,543.61
	Provisions made during the year	843.76	826.51
	Write-off / write-back of excess provisions	327.93	298.94
	Closing balance	3,587.01	3,071.18
(v)	Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)	Nil	Nil
(vi)	Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)	Nil	Nil
9	Disclosure of Complaints		
a	No. of complains pending at the beginning of the year	-	-
b	No. of complains received during the year	4	-
c	No. of complains redressed during the year	4	-
d	No. of complains pending at the end of the year	-	-

**50.3 Disclosures as required under guidelines on liquidity risk management framework for NBFCs issued by RBI by notification no. RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated 4th November 2019.**

Public disclosure on Liquidity Risk

**i. Funding concentration based on significant counterparty (both deposits and Borrowings)**

Sl No	Type of Instruments	No. of Significant counter parties	Amount (₹ lakhs)	% of total deposits	% of total liabilities
1	Borrowings As at 31st March 2022	4	13,713.00	171.82	11.50
2	Borrowings As at 31st March 2021	6	20,600.00	126.01	19.65

**ii. Top 20 Large Deposits (amount ₹ in Lakhs) and % of Total Deposits**

Sl No	Descriptions	Amount (₹ lakhs)	% of total deposits
1	Total for Top 20 Large Deposits as at 31st March 2022	416.06	6.73%
2	Total for Top 20 Large Deposits as at 31st March 2021	553.10	3.38%

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

**iii. Top 10 Borrowings (amount ₹ in Lakhs) and % of Total Borrowings**

(₹ Lakhs)

Sl No	Descriptions	Amount (₹ lakhs)	% of total Borrowings
1	Total for Top 10 Borrowings as at 31st March 2022	15,661.00	15.90%
2	Total for Top 10 Borrowings as at 31st March 2021	23,041.00	23.47%

**iv. Funding concentration based on significant instrument / products**

Sl No	Name of the Instrument / Products	31st March 2022		31st March 2021	
		Amount (₹ lakhs)	% of total Liabilities	Amount (₹ lakhs)	% of total Liabilities
1	Sub Ordinate Debt	26,425.51	24.66%	25,226.16	24.12%
2	Non-Convertible Debentures - Public Issue (Unsecured)	11,640.38	10.86%	6,460.97	6.18%
3	Fixed Deposits	8,791.80	8.21%	17,435.40	16.67%
4	Non-Convertible Debentures - Public Issue (Secured)	30,836.75	28.78%	16,938.78	16.20%
5	Non-Convertible Debentures - Private placement	10,003.69	10.18%	11,954.83	11.44%
6	Preference Shares	1,490.29	1.39%	1,842.25	1.76%
	<b>Total</b>	<b>90,088.42</b>	<b>84.08%</b>	<b>79,858.39</b>	<b>76.36%</b>

**v. Stock Ratios:**

**a. Commercial Papers as a % of Total Public Funds, Total Liabilities and Total Assets**

Sl No	Name of the Instrument / Products	31st March 2022		31st March 2021	
		Amount (₹ lakhs)	% of total deposits	Amount (₹ lakhs)	% of total deposits
1	Commercial Paper Outstanding	NA	NA	NA	NA
2	% to Total Public Funds	-	-	-	-
3	% to Total Liabilities	-	-	-	-
4	% to Total Public Assets	-	-	-	-

**b. Non-Convertible Debentures (on maturities of less than 1 year) as a percentage of Total Public Funds, Total Liabilities and Total Assets**

Sl No	Name of the Instrument / Products	31st March 2022	31st March 2021
1	Non-Convertible Debentures (on maturities of less than 1 year)	-	-
2	% to Total Public Funds	-	-
3	% to Total Liabilities	-	-
4	% to Total Assets	-	-

**c. Other Short term Liabilities, if any as a percentage of Total Public Funds, Total Liabilities and Total Assets**

Sl No	Name of the Instrument / Products	31st March 2022	31st March 2021
1	Other Short term Liabilities	10,514.13	14,565.05
2	% to Total Public Funds	-	-
3	% to Total Liabilities	9.81%	13.93%
4	% to Total Assets	8.28%	11.77%

**vi. Institutional set-up of liquidity risk management**

The Board of Directors of the Company have an overall responsibility for the management of all types of risks, including liquidity risk, to which the Company is exposed in the normal course of its business. Further, the Board of Directors have constituted a Risk Management Committee ("RMC"), as mandated by RBI for the effective supervision, evaluation, monitoring and review of various aspects and types of risks, including liquidity risk faced by the Company. The meetings of RMC are presently held as may be necessary. Moreover, the Board of Directors have also constituted



## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

an Asset Liability Committee ("ALCO"), for the management of the Company's short and long-term funding and meeting liquidity requirements. The Company manages liquidity risk by maintaining adequate reserves and surplus, accessing undrawn bank facilities and obtaining funding from various other sources, as may be feasible. ALCO provides guidance and direction in terms of interest rate, liquidity, funding mix, etc. ALCO meetings are held as may be required. The minutes of ALCO meetings are placed before the Board of Directors at their next meeting for their perusal / approval / ratification.

### Definition of terms as used in the table above:

#### a) Significant counterparty:

A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC's total liabilities.

#### b) Significant instrument/product:

A "Significant instrument/product" is defined as a single instrument/product or group of similar instruments/products which in aggregate amount to more than 1% of the NBFC's total liabilities.

#### c) Total liabilities:

Total liabilities include all external liabilities (other than equity).

#### d) Public funds:

"Public funds" includes funds raised either directly or indirectly through public deposits, inter-corporate deposits, bank finance and all funds received from outside sources such as funds raised by issue of commercial papers, debentures etc. but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 5 years from the date of issue. It includes total borrowings outstanding under all types of instruments/products.

#### e) Other short-term liabilities:

All short term borrowings other than CPs and NCDs with original maturity less than 12 months.

### Disclosure on Liquidity Coverage Ratio (LCR)

The Company has implemented the guidelines on Liquidity Risk Management Framework prescribed by the Reserve Bank of India requiring maintenance of Liquidity Coverage Ratio ("LCR"), which aim to ensure that an NBFC maintains an adequate level of unencumbered HQLAs which can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.

The LCR is computed as per the formula given below:

$LCR = \text{Stock of High-Quality Liquid Assets ("HQLAs")} / \text{Total Net Cash Outflows over the next 30 calendar days}$

HQLAs consist of Cash (would mean cash on hand and demand deposits with Scheduled Commercial Banks), investment in Central and State Government Securities, and highly-rated Corporate Bonds and Commercial papers, including those of Public Sector Enterprises, as adjusted after assigning the haircuts as prescribed by RBI.

Total net cash outflows are arrived after taking into consideration total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days.

As prescribed by RBI, total net cash outflows over the next 30 days = Stressed Outflows [Min (stressed inflows; 75% of stressed outflows)]. Total expected cash outflows (stressed outflows) are calculated by multiplying the outstanding balances of various categories or types of liabilities and off-balance sheet commitments by 115% (15% being the rate at which they are expected to run off further or be drawn down). Total expected cash inflows (stressed inflows) are calculated by multiplying the outstanding balances of various categories of contractual receivables by 75% (25% being the rate at which they are expected to under-flow).

The Liquidity Risk Management framework of the Company is governed by its Liquidity Risk Management Policy and Procedures approved by the Board. The Asset Liability Management ("ALM") Committee oversee the implementation of liquidity risk management strategy of the Company and ensure adherence to the risk tolerance/limits set by the Board.

The Company maintains a robust funding profile with no undue concentration of funding sources. In order to ensure a diversified borrowing mix, concentration of borrowing through various sources is monitored. Further, the Company has prudent limits on investments in different instruments to maintain a healthy investment profile. Any potential collateral calls from the same forms a minuscule part of cash outflows. There is no currency mismatch in the LCR. This above is periodically monitored and reviewed by ALCO.

Major source of borrowings for the Company are Non-Convertible Debentures, Term Loans from Banks, and Public deposits. Details of funding concentration from Significant counter party are given in Note 50 (3).

**NOTES TO THE ACCOUNTS (Contd....)**

For the year ended 31st March 2022

S. No.	Particulars	Apr-Jun 2021		Jul-Sep 2021		Oct-Dec 2021		Jan-Mar 2022		K Lakhs	
		Unweighted Value (Average)	Weighted Value (Average)	Unweighted Value (Average)	Weighted Value (Average)	Unweighted Value (Average)	Weighted Value (Average)	Unweighted Value (Average)	Weighted Value (Average)	Unweighted Value (Average)	Weighted Value (Average)
<b>High Quality Liquid Assets</b>											
1	Total High Quality Liquid Assets (HQLA)	3,632.54	3,118.19	9,881.59	9,267.73	5,412.49	2,898.89	3,581.80	2,888.29	-	3,354.36
<b>Cash Outflows:</b>											
2	Drawings for deposit taking companies	687.74	785.15	1,533.64	1,550.99	1,276.50	1,467.97	627.71	771.87	1,153.12	1,126.09
3	Unsecured wholesale funding	35.37	41.83	35.62	40.96	27.59	31.73	21.57	24.80	45.55	13.51
4	Secured fundings	1,493.67	1,706.22	1,180.05	1,357.05	677.07	778.94	534.00	614.11	900.10	1,035.12
5	Additional requirements, in which Outflows related to derivative exposure and other collateral requirements	-	-	-	-	-	-	-	-	-	-
6	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-	-	-
7	Credit and liquidity facilities	629.25	723.52	855.91	383.00	415.39	477.20	519.63	712.57	687.14	790.20
8	Other contract funding obligations	271.67	254.92	-	-	-	-	-	-	-	-
9	Other contract funding obligations	-	-	-	-	-	-	-	-	-	-
8	<b>TOTAL CASH OUTFLOWS</b>	<b>3,053.60</b>	<b>3,511.64</b>	<b>3,705.22</b>	<b>4,261.00</b>	<b>2,396.55</b>	<b>2,756.04</b>	<b>1,802.91</b>	<b>2,073.55</b>	<b>2,766.89</b>	<b>3,204.92</b>
<b>Cash Inflows</b>											
9	Secured lending	4,644.85	3,483.05	5,010.88	3,758.16	5,504.50	4,178.36	3,256.74	4,941.04	5,053.21	3,789.91
10	Inflows from fully performing exposures	-	-	-	-	-	-	-	-	-	-
11	Other cash inflows	-	-	7,200.00	5,400.00	5,716.66	4,287.50	3,600.00	2,700.00	-	-
12	<b>TOTAL CASH INFLOWS</b>	<b>4,644.85</b>	<b>3,483.05</b>	<b>12,210.88</b>	<b>9,158.16</b>	<b>11,221.16</b>	<b>8,465.86</b>	<b>6,856.74</b>	<b>7,641.04</b>	<b>5,053.21</b>	<b>3,789.91</b>
13	<b>TOTAL HQLA</b>	<b>3,118.94</b>	<b>3,118.94</b>	<b>9,367.79</b>	<b>9,367.79</b>	<b>2,888.29</b>	<b>2,888.29</b>	<b>2,888.29</b>	<b>2,888.29</b>	<b>2,888.29</b>	<b>3,354.36</b>
14	<b>TOTAL NET CASH OUTFLOWS</b>	<b>877.91</b>	<b>877.91</b>	<b>1,065.25</b>	<b>1,065.25</b>	<b>689.01</b>	<b>689.01</b>	<b>518.34</b>	<b>518.34</b>	<b>801.23</b>	<b>801.23</b>
15	<b>LIQUIDITY COVERAGE RATIO (%)</b>	<b>355.27%</b>	<b>355.27%</b>	<b>879.40%</b>	<b>879.40%</b>	<b>420.73%</b>	<b>420.73%</b>	<b>557.27%</b>	<b>557.27%</b>	<b>418.65%</b>	<b>418.65%</b>
<b>Components of HQLA</b>											
	Cash or -ARC	501.97	501.97	749.26	749.26	390.02	390.02	110.28	110.28	416.81	416.81
	- Balances with Banks	744.47	744.47	7,064.13	7,064.13	594.68	594.68	683.91	683.91	884.27	884.27
	- Government Securities	2,558.00	2,558.00	2,568.00	2,568.00	2,568.00	2,568.00	2,368.00	2,368.00	2,094.40	2,094.40
	- Commercial Paper	-	-	-	-	-	-	-	-	-	-
	<b>TOTAL</b>	<b>3,632.54</b>	<b>3,632.54</b>	<b>9,881.39</b>	<b>9,881.39</b>	<b>3,412.50</b>	<b>3,412.50</b>	<b>3,261.89</b>	<b>3,261.89</b>	<b>3,354.36</b>	<b>3,354.36</b>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

50.4 In terms of RBI Circular No. RBI/2020-21/16 DOR.No.BP/BC/3/21.04.048/2020-21 dated August 6, 2020 in relation to the Resolution Framework for COVID-19-related Stress, disclosure as follows:

(₹ Lakhs)

Type of Borrowers	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year	Of such accounts, aggregate debt that slipped into NPA during the half-year	Of such accounts amount written off during the half-year	Of such accounts amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year
Personal Loans	695.26	94.31	-	209.72	391.23
Corporate Loans*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
<b>Total</b>	<b>695.26</b>	<b>94.31</b>	<b>-</b>	<b>209.72</b>	<b>391.23</b>

\* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

**50.5 Disclosure as required under RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13th March 2020 on Implementation of Indian Accounting Standards**

**A comparison between provisions required under extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) and impairment allowances made under Ind AS 109**

**For the year 31st March 2022**

(₹ Lakhs)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3)-(4)	(6)	(7) = (4)-(6)
<b>Performing Assets</b>						
Standard	Stage 1	99,679.78	476.79	99,200.99	398.72	80.07
	Stage 2	9,200.48	95.53	9,104.95	36.80	58.73
<b>Sub-Total</b>		<b>1,08,880.26</b>	<b>574.32</b>	<b>1,08,305.94</b>	<b>435.52</b>	<b>138.80</b>
<b>Non Performing Assets (NPA)</b>						
Substandard	Stage 3	1,505.11	397.72	1,507.39	267.59	130.33
Doubtful - up to 1 year	Stage 3	1,095.91	700.65	355.26	521.22	179.43
1 to 3 years	Stage 4	297.37	194.76	102.61	154.60	40.16
More than 3 years	Stage 3	-	-	-	-	-
<b>Sub-Total for doubtful assets</b>		<b>1,393.28</b>	<b>895.41</b>	<b>497.87</b>	<b>675.92</b>	<b>219.59</b>
Loss	Stage 3	2,643.82	2,643.82	-	2,643.82	-
<b>Sub-Total for NPA</b>		<b>5,942.21</b>	<b>3,936.95</b>	<b>2,005.26</b>	<b>3,587.03</b>	<b>349.92</b>
<b>Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms.</b>						
<b>Sub-Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>		<b>1,14,822.47</b>	<b>4,511.27</b>	<b>1,10,311.20</b>	<b>4,022.55</b>	<b>488.72</b>

Note : In terms of the requirement as per RBI notification no. RB /2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13th March 2020 on Implementation of Indian Accounting Standards, Non-Banking Finance Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income Recognition, Asset Classification and Provisioning (IRACP) norms (including provision on standard assets). The unimpairment allowances under Ind AS 109 made by the corporation exceeds the total provision required under IRACP (including standard asset provisioning) as at 31st March 2022 and accordingly, no amount is required to be transferred to impairment reserve.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

For the year 31st March 2021

(₹ Lakhs)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	97,136.73	130.73	97,006.00	388.55	(257.82)
	Stage 2	10,255.72	296.92	9,958.80	41.02	255.90
Sub-Total		1,07,392.45	427.65	1,06,964.80	429.57	1,924
Non Performing Assets (NPA)						
Substandard	Stage 3	2,304.58	556.70	1,827.88	339.43	771.77
Doubtful - up to 1 year	Stage 3	757.47	469.67	287.80	385.76	83.91
1 to 3 years	Stage 3	85.82	19.05	66.56	77.57	(5.11)
More than 3 years	Stage 3	53.69	6.75	46.94	15.27	(8.42)
Sub-Total for doubtful assets		896.58	495.48	401.10	473.60	72.38
Loss	Stage 3	2,312.65	2,152.90	159.75	2,312.65	(159.75)
Sub-Total for NPA		5,594.01	3,205.08	2,388.93	3,071.18	133.90
Other items such as guarantors, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms						
Sub-Total						
Total	Stage 1	97,136.73	130.73	97,006.00	388.55	(257.82)
	Stage 2	10,255.72	296.92	9,958.80	41.02	255.90
	Stage 3	5,594.01	3,205.08	2,388.93	3,071.18	133.90
	Total	1,12,986.46	3,632.73	1,09,353.73	3,500.75	131.98

50.6 The Company commenced the process for implementing the RBI Direction as per clause 13 of the harmonising circular dt 12th November 2021 with regard to the concepts of date of overdue, SMA and NPA classification and upgradation with specific reference to day end process for compliance for applicable for period beyond 31st March 2022.

51. Disclosure under clause 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Particulars	31st March 2022	31st March 2021
a) Loans and advances in the nature of loans to subsidiaries		
Name of the Company		
Amount		
a) Loans and advances in the nature of loans to associates		
Name of the Company		
Amount		
c) Loans and advances in the nature of loans to firms/companies in which directors are interested		
Sakshi Foundation		
Suddha Sanmarga Nilayam	81.76	121.18
d) Investments by the loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan.	9.01	16.96

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**

**52. Disclosure under clause 53(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

The Debentures are secured by way of a first and pari passu mortgage in favour of the Security Trustee on the Company's Office at 'GDA House', First Floor, Plot No.85, Bhusari Colony (Right), Paul Road, Pune.

**53. Public Issue of Secured, Redeemable, Non-Convertible Debentures for ₹ 10,000 lakh**

During April 2022, the Company made a Public Issue of Secured, Redeemable, Non-Convertible Debentures ("NCDs") of ₹ 1,000 each for an amount not exceeding ₹ 5,000 lakh, with an option to retain over-subscription for an amount not exceeding ₹ 5,000 lakh, aggregating ₹ 10,000 lakhs. The NCD issue opened on 11th April 2022 and closed early on 25th April 2022, as against the scheduled closure date of 5th May 2022. The Company received a valid subscription for ₹ 10,852.48 lakh. The Company made allotment of 10,00,000 NCDs aggregating ₹ 10,000 lakh to the eligible allottees on 29th April 2022. The NCDs have been listed and admitted for trading with BSE Limited with effect from 4th May 2022. The entire proceeds of the NCD issue are being utilized for the objects stated in the NCD Prospectus.

**54. Disclosure under Code on Social Security, 2020**

The Code on Social Security, 2020 (the Code) has been enacted, which would impact contribution by the Company towards Provident Fund and Gratuity. The effective date from which changes are applicable is yet to be notified and the rules thereunder are yet to be announced. The actual impact on account of this change will be evaluated and accounted for when notification becomes effective.

55. The Company does not fall under the definition of large corporate as per SEBI Circular SEBI/HO/DDHS/CIR/P/2018/144 dated 26th November 2018 and as such furnishing of necessary disclosures does not arise.

56. Ministry of Corporate Affairs (MCA) vide notification G.S.R. 107(E) dated 24th March 2021 have notified Amendments which are applicable from 1st April 2021, which require elaborate disclosures to various Financial Statement Line items. The company will evaluate and make the disclosures from subsequent year.


57. There have been no events after the reporting date that require disclosure in these Financial Statements. However, the Board of Directors of the Company have recommended a dividend of 6% being ₹ 0.60 per share on the equity shares of the Company for the year ended 31st March 2022 (₹ 0.60 per share - 31st March 2021) which is subject to approval of shareholders. The proposed dividend has not been recognised in the books in accordance with IND AS 10.

58. No fraud by the Company or on the Company has been noticed or reported during the Financial Year 2021-22.


59. Previous year figures have been regrouped, reclassified and rearranged, wherever necessary, to conform to current year presentation.

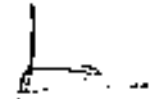
As per our report attached  
For CSK Prabhu & Co.,  
Chartered Accountants  
Firm Regn. No.: 002480

  
**CSK PRABHU**  
Partner  
Membership No. 019811



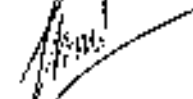
Coimbatore  
24th May 2022

  
**M. BALASUBRAMANIAM**  
Vice Chairman and Managing Director  
DIN: 00377053

  
**S. VENKATESH**  
Company Secretary and  
CSE Compliance Officer  
MCA 2022

For and on behalf of the Board

  
**M. MANICKAM**  
Chairman  
DIN: 00102722

  
**SRIIVASAN ANAND**  
Chief Financial Officer  
Membership No.070494

## **Independent Auditor's Report**

To

**The Members of Sakthi Finance Limited**

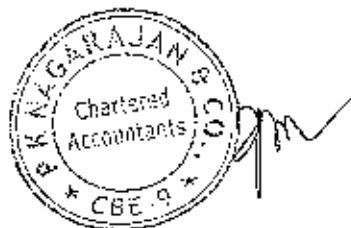
**Report on the Audit of the Financial Statements**

### **Opinion**

1. We have audited the accompanying financial statements of **Sakthi Finance Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2021 and the Statement of Profit and Loss (including Other Comprehensive Income), the statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2021, and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### **Basis for Opinion**

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



**Emphasis of Matter**

4. We draw attention to Note 2(d) to the accompanying financial statements, which explains the impact of the COVID-19 pandemic and management assessment of the probable material impact on Company's operations and financial metrics, including the non-fulfillment of the obligations by the customers due to lock-down, extended moratorium allowed by Government and other restrictions related to Covid-19 situation. Our opinion is not modified in respect of this matter.

**Key Audit Matters**

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in Audit
<p><b>5.1 Asset Classification</b> Accuracy in identification and categorization of receivables from financing activities as performing and non-performing assets and in ensuring appropriate asset classification, existence of security, income recognition, provisioning/ write off thereof and completeness of disclosure including compliance with applicable guidelines issued by Reserve Bank of India (RBI).</p>	<p>We have assessed the systems and processes laid down by the company to appropriately identify and classify the receivables from financing activities including those in place to ensure correct classification, income recognition and provisioning/ write-off including Non-performing assets as per applicable RBI guidelines. The audit approach includes testing the existence and effectiveness of the control environment laid down by the management and conducting detailed substantive verification on selected samples of continuing and new transactions in accordance with the principles laid down in the Standards on Auditing and other guidance issued by Institute of Chartered Accountants of India. Agreements entered into regarding significant transactions including related to Hire Purchase and Pronote Loans have been examined to ensure compliance. We have also reviewed the reports generated from management</p>





	<p>information systems, audit/ inspection reports issued by the internal/secretarial auditors and RBI. The impact of all significant external and internal events including those if any, subsequent to Balance Sheet date have been taken into consideration for the above purposes. Compliance with material disclosure requirements prescribed by RBI guidelines and other statutory requirements have been verified.</p>
<p><b>5.2 Information Technology System</b></p> <p>The dependence of Information technology (IT) system is run throughout the operating cycle of the company. Hence the reliability on Company's key financial accounting and reporting processes are tied with the effectiveness and efficiency of IT systems, IT controls over the voluminous transactions, process around such information systems and the usage of information from such systems.</p> <p>We observed that any probability of deficiencies in control over IT systems such as validation failures, incorrect input data, improper segregation of duties, unauthorized access to IT system, lack of monitoring may result in the financial accounts and report being misstated. In view of the same, we have considered this as Key Audit Matter and had focus on IT systems and controls, user access management, segregation of duties, system reconciliation controls and system application controls due to the complexity of the IT environment, huge daily operational volume across numerous locations and the reliance on automated and IT dependent manual controls.</p>	<p>Our audit procedures focused on the IT infrastructure and applications relevant to the financial reporting:</p> <p>Evaluating the IT policy and procedures of the Company in accordance with accepted standards, guidelines and practices.</p> <p>Reviewing the organizational structure with job description, managerial policy and deployment of IT resources with respect to segregation of duties in IT environment to ensure that unauthorized data entry cannot take place and unauthorized programs are not allowed to run.</p> <p>The aspects covered in the IT systems General Control audit were</p> <ul style="list-style-type: none"><li>(i) User Access Management</li><li>(ii) System maintenance control</li></ul> <p>have been ensured by understanding the design and the operating effectiveness of such controls in the system;</p> <p>Understanding updation that were made to the IT landscape during the audit period and assessing the relevant information for financial reporting.</p>



	<p>Application level embedded controls have been reviewed by performing validation checks, test check on logical access controls, a run through test to ensure non-manipulation of transaction entered into the system and other compensatory controls, wherever applicable.</p>
<p><b>5.3 Impairment Loss Allowance</b> Management's judgements in the calculation of impairment allowances have significant impact on the financial statements. The estimates regarding impairment allowances are complex and require a significant degree of judgement, which increased with Expected Credit Loss ("ECL") model as required by Ind AS 109 relating to "Financial instruments." Management is required to determine the expected credit loss that may occur over either a 12-month period or the remaining life of an asset, depending on the categorisation of the individual asset.</p> <p>The key areas of judgement include:</p> <ol style="list-style-type: none"><li>1. Categorisation of loans in Stage 1, 2 and 3 based on identification of:<ol style="list-style-type: none"><li>a. exposures with significant increase in credit risk since their origination and</li><li>b. Individually impaired/default exposures.</li></ol></li><li>2. Techniques used to determine Loss Given Default ('LGD') and Probability of Default ('PD') to calculate ECL</li><li>3. The impact of different forward looking information including future macroeconomic conditions in the determination of ECL.</li></ol> <p>These judgements require new models to be built and implemented to measure the expected credit losses on certain financial assets measured at amortised cost. Management has made a number of</p>	<p>We obtained understanding of management's assessment of impairment of loans including the Ind AS 109 implementation process, impairment allowance policy and ECL modelling methodology.</p> <p>We assessed the design and implementation, and tested the operating effectiveness of controls over the modelling process including governance over monitoring of the model and approval of key assumptions.</p> <p>We also assessed the approach of the Company for categorisation of the loans in various stages reflecting the inherent risk in the respective loans.</p> <p>For a sample of financial assets, we tested the correctness of stage-wise categorisation, reasonableness of PD, accuracy of LGD and ECL computation.</p> <p>We also assessed the appropriateness of the impairment methodology adopted by the management including the possible impact of the uncertainties associated with the COVID-19 pandemic. This included assessing the appropriateness of key judgements. We tested the accuracy of key data inputs and calculations used in this regard.</p>



interpretations and assumptions when designing and implementing models that are compliant with the new standard.

The accuracy of data flows and the implementation of related controls are critical for the integrity of the estimated impairment provisions.

In respect of accounts where moratorium benefits had been extended based on RBI's COVID 19 Regulatory Package, assessment of impairment further depends on the possible impact of uncertainties associated with the Covid-19 pandemic in applying the judgement and estimates relevant for the impairment model.

In view of such high degree of Management's judgement involved in estimation of ECL, it is considered as a key audit matter.

Based on the above work performed, management's assessment of impairment loss allowance and related disclosure are considered to be reasonable.

**Information Other than the financial statements and Auditor's Report thereon**

6. The Company's Board of Directors is responsible for the other information. The other information comprises the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's information but does not include the financial statements and our auditor's report thereon.
7. The other information is expected to be made available to us after the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.
8. In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



**Responsibilities of Management and Those Charged with Governance for the financial statements**

9. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
10. In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the financial statements**

11. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



12. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
  - b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
  - c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - e) Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



13. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

16. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in exercise of the powers conferred by sub-section (11) of Section 143 of the Act we give in the "Annexure -A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
17. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the statement of changes in equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.



- (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015.
- (e) On the basis of the written representations received from the Directors as on 31<sup>st</sup> March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2021, from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- (g) According to the information and explanations given to us and based on the examination of the records, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act; and
- (h) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2014, in our opinion and to the best of our information and according to the explanations given to us;
- (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements as referred to Note 32 to the financial statements.
- (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;



- (iii) There has been no delay in transferring the amounts required to be transferred to the Investor Education and Protection Fund ("IEPF") except for Rs. 500/- that has not been transferred to IEPF for the reason described in Note 17 to the financial statements.



Place: Coimbatore  
Date: 30.06.2021

**For P K Nagarajan & Co.,**  
Chartered Accountants  
Firm Registration Number: 016676S

A handwritten signature in black ink, appearing to read "S P Muthusami".

**S P Muthusami**  
Partner

Membership Number: 224171  
UDIN: 21224171AAAAHV1828



**The Annexure- 'A' to the Independent Auditor's Report**

Referred to in paragraph 16 of Independent Auditor's Report of even date to the members of **Sakthi Finance Limited** on the financial statements for the year ended 31<sup>st</sup> March 2021

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
(b) These fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.  
(c) According to the information and explanations given to us, the title deeds of immovable properties, as disclosed in Note 10 to the financial statements, are held in the name of the company. In respect of immovable properties taken on lease and disclosed as right-of-use-assets in the financial statements, the lease agreements are in the name of the company.
- ii. The company does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the Order are not applicable to the company.
- iii. The Company has granted unsecured loans to a party covered in the register maintained under section 189 of the Act. In our opinion and according to the information and explanations given to us,
  - (a) The terms and conditions of the grant of such loans are not prejudicial to the Company's interest.
  - (b) The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and the repayment/receipts are regular.
  - (c) There are no amounts of such loans overdue for more than ninety days.
- iv. In our opinion and according to the information and the explanations given to us, the company has not given/provided any loans, guarantee and securities to parties covered in section 185 of the Act. The Company has complied with provisions of section 186 of the Act to the extent applicable.
- v. The company has accepted deposits from the public. The directives issued by the Reserve Bank of India (RBI) and provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder, wherever applicable, have been complied with. No order has been passed by National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.



- vi. The Central Government has not specified the maintenance of Cost Records under sub-section (1) of Section 148 of the Act for the activities of the company.
- vii. a) The company is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income-tax, goods and service tax, cess and any other applicable material statutory dues with the appropriate authorities. There are no such statutory dues as at the last day of the financial year, remaining in arrears for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, the following disputed statutory dues aggregating to Rs.1,338.12 Lakhs that have not been deposited on account of matters pending before appropriate authorities:

Name of the Statute	Nature of Dues	Amount (Rs.in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	9.83	AY 2012-13	Assessing Officer
Finance Act, 1994	Service Tax	1,328.29	Oct 2009 to Sept 2014	Customs, Excise & Service Tax Appellate Tribunal

- viii. According to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks, Government and debenture holders during the year.
- ix. In our opinion and according to the information and the explanations given to us, the Company has utilized the money raised by way of public issue of non-convertible debentures and term loans during the year for the purpose for which those were raised.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.



- xi. According to the information and explanations given to us and based on the examination of the records, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, para 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Note 41 to the financial statements as required under the Indian Accounting Standard (Ind AS) 24.
- xiv. During the year under review, the company has made private placement of preference shares and the requirements of Section 42 of the Act have been complied with. The amounts raised have been used for the purpose for which they were raised. Further, the company has not issued any fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with the Directors or persons connected with them. Accordingly, para 3(xv) of the Order is not applicable.
- xvi. According to the information and explanations given to us, we report that the company has registered as required, under Section 45-IA of the Reserve Bank of India Act, 1934.



Place: Coimbatore  
Date: 30.06.2021

**For P K Nagarajan & Co.,**  
Chartered Accountants  
Firm Registration Number: 016676S

  
**S P Muthusami**

Partner  
Membership Number: 224171  
UDIN: 21224171AAAAHV1828

**Annexure – 'B' to the Independent Auditor's Report**

Referred to in paragraph 17(f) of the Independent Auditor's Report of even date to the members of Sakthi Finance Limited on the Financial Statements for the year ended 31<sup>st</sup> March 2021

**Report on the Internal Financial Controls under Clause (i) of sub-section 3 of section 143 of the Act**

1. We have audited the internal financial controls over financial reporting of Sakthi Finance Limited ("the Company") as at 31<sup>st</sup> March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's responsibility for Internal Financial Controls:**

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of the internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.



4. Our audit involves performing procedures to obtain audit evidence about the adequacy of internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence, we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial control system over financial reporting.

#### **Meaning of Internal Financial Control over Financial Reporting**

6. A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls over financial reporting includes those policies and procedures that
- a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
  - b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditure of the company are being made only in accordance with authorizations of management and directors of the company; and
  - c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



**Inherent Limitations of Internal Financial Controls over Financial Reporting**

7. Because of the inherent limitation of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.



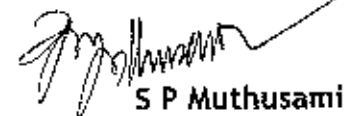
Place: Coimbatore

Date: 30.06.2021

**For P K Nagarajan & Co.,**

Chartered Accountants

Firm Registration Number: 0166765

  
**S P Muthusami**

Partner

Membership Number: 224171

UDIN: 21224171AAAAHV1828

**SAKTHI FINANCE LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH 2021**

Particulars	note	(₹ Lakhs)	
		As at 31st March 2021	As at 31st March 2020
<b>ASSETS</b>			
<b>Financial Assets</b>			
Cash and cash equivalents	3	1,364.11	1,112.79
Bank Balances other than cash and cash equivalents	4	375.79	469.39
Receivables	5		
(i) Trade Receivables		182.41	237.36
(ii) Other Receivables		3.52	8.69
Loans	6	1,09,353.73	1,07,046.18
Investments	7	2,668.28	2,659.80
Other Financial assets	8	1,830.43	2,165.58
<b>Non-Financial Assets</b>			
Current tax assets (net)			36.80
Investment Property	9	279.81	284.41
Property, Plant and Equipment	10 (a)	6,122.29	6,516.65
Right of use assets	10 (b)	1,070.50	1,211.97
Intangible assets under development	10 (c)	86.27	15.07
Other Intangible assets	10 (d)	102.57	114.95
Other non-financial assets	11	603.73	323.78
<b>Total Assets</b>		<b>1,24,043.44</b>	<b>1,22,001.22</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial Liabilities</b>			
Payables	12		
(i) Trade Payables			
(i) Total outstanding dues of micro enterprises and small enterprises		3.26	6.87
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		140.62	160.76
(ii) Other Payables			
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		151.48	101.99
Debt Securities	13	28,929.69	31,453.32
Borrowings (Other than debt securities)	14	23,059.16	21,218.20
Deposits	15	17,086.35	19,046.58
Sub-Ordinated Liabilities	16	33,529.65	29,216.13
Other financial liabilities	17	1,672.37	3,720.71


**BALANCE SHEET AS AT 31ST MARCH 2021 (CONTD...)**


(Lakhs)


Particulars	Note	As at 31st March 2021	As at 31st March 2020
<b>Non-Financial Liabilities</b>			
Current tax liabilities (net)		47.29	-
Provisions	18	118.09	121.73
Deferred tax liabilities (net)	19	39.48	215.71
Other non-financial liabilities	20	68.47	91.89
<b>EQUITY</b>			
Equity Share Capital	21	6,470.59	6,470.59
Other Equity	22	12,726.94	12,176.94
<b>Total Liabilities and Equity</b>		<b>1,24,043.44</b>	<b>1,22,001.22</b>
The accompanying Notes form an integral part of the financial statements	51		


As per our report attached  
For P.K.Nagarajan & Co  
Chartered Accountants  
Firm Regn. No.: 0266765

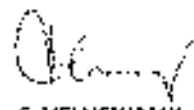
For and on behalf of the Board

  
**S.P. MUTHUSAMI**  
Partner  
Membership No. 224171

  
**M. BALASUBRAMANIAM**  
Vice Chairman and Managing Director  
DIN: 00377056

  
**M. MANICKAM**  
Chairman  
DIN: 00102233

  
**S. VENKATESH**  
Company Secretary  
FCS 7012

  
**S. VELUSWAMY**  
Director (Finance & Operations) & CFO  
DIN: 05314888

Place : Coimbatore  
Date : 30th June 2021




**SAKTHI FINANCE LIMITED**
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2021**


(₹ Lakhs)

Particulars	Note	For the year ended 31st March 2021	For the year ended 31st March 2020
<b>REVENUE FROM OPERATIONS</b>			
Interest Income	23	16,597.96	16,158.72
Rental Income		5.52	21.13
Fees and Commission Income	24	313.23	483.89
Sale of power from Wind Mills	25	181.07	208.43
Recovery of Bad Debts		37.01	150.44
<b>Total Revenue from operations</b>		<b>17,132.79</b>	<b>17,022.61</b>
Other income	26	0.87	0.70
<b>Total Income</b>		<b>17,133.66</b>	<b>17,023.01</b>
<b>Expenses</b>			
Finance Costs	27	10,415.94	10,109.40
Fees and commission expense		188.08	174.25
Impairment on financial instruments	28	787.71	729.44
Employee Benefits Expenses	29	2,604.20	2,633.57
Depreciation and Amortization	30	421.70	465.61
Other Expenses	31	1,458.59	1,509.71
<b>Total Expenses</b>		<b>15,876.22</b>	<b>15,621.98</b>
<b>Profit before exceptional Items and Tax</b>		<b>1,257.44</b>	<b>1,401.03</b>
Exceptional Items		-	-
<b>Profit before Tax</b>		<b>1,257.44</b>	<b>1,401.03</b>
Tax Expense:			
- Current Tax		331.65	283.09
- Deferred Tax		508.42	449.61
		<b>(176.77)</b>	<b>(166.52)</b>
<b>Profit for the year</b>		<b>925.79</b>	<b>1,117.94</b>
<b>Other Comprehensive Income</b>			
<b>(A) Items that will not be reclassified to profit or loss</b>			
- Fair value changes in Equity Instruments		11.94	(22.38)
- Actuarial Changes in Defined benefit obligation		2.19	12.81
- income Tax relating to items that will not be reclassified to profit or loss		(0.55)	(4.98)
<b>Sub Total (A)</b>		<b>13.58</b>	<b>(5.54)</b>
<b>(B) Items that will be reclassified to profit or loss</b>			
<b>Other Comprehensive Income (A+B)</b>		<b>13.58</b>	<b>(5.54)</b>
<b>Total Comprehensive Income</b>		<b>939.37</b>	<b>1,112.40</b>
<b>Earnings per Equity Share</b>			
Pa Value per Equity Share (₹)		10.00	10.00
Basic (₹)		1.45	2.19
- Diluted (₹)		1.45	2.19
The accompanying Notes form an integral part of the financial statements	1-51		

As per our report attached  
For P.K.Nagarajan & Co  
Chartered Accountants  
Firm Regn. No.: 0166/65

  
**S. MUTHUSAMI**  
Partner  
Membership No. 2241/1

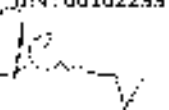
Place: Coimbatore  
Date: 30th June 2021

  
**M. BALASUBRAMANIAM**  
Vice Chairman and Managing Director  
DIN: 00377053

  
**S. VENIGATESH**  
Company Secretary  
FCS 7012

For and on behalf of the Board

  
**M. MANICKAM**  
Chairman  
DIN: 00102244

  
**S. VELUSWAMY**  
Director (Finance & Operations) & CFO  
DIN: 05314999



**SAKTHI FINANCE LIMITED**
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021**

(₹ Lakhs)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	1,257.44	1,401.03
<b>Adjustment to reconcile profit before tax to net cash flows :</b>		
<b>Non-cash expenses</b>		
Depreciation and amortisation	421.70	465.51
Impairment on Loan Assets	641.18	545.14
Bad debts and write-offs	166.76	170.29
Remeasurement gain/(loss) on defined benefit plans	2.19	22.82
Impairment on investments	3.46	2.80
Impairment on Trade receivables	(23.69)	11.21
Amortization of fees and Commission on financial liability	273.89	174.10
<b>Income/expenses considered separately</b>		
Income from investing activities	(252.83)	(253.59)
Net gain/loss on demerger of property, plant and equipment	0.22	1.50
Finance costs	10,415.94	10,109.40
<b>Operating profit before working capital changes</b>	<b>12,906.26</b>	<b>12,650.31</b>
<b>Movements in Working Capital:</b>		
Decrease / (increase) in Loans	(3,115.49)	(15,107.49)
Decrease / (increase) in Trade receivables	78.64	(27.04)
Decrease / (increase) in Other receivables	5.17	(8.69)
Decrease / (increase) in Other financial assets	344.83	(301.14)
Decrease / (increase) in Other non-financial assets	(69.54)	(92.57)
Increase / (decrease) in Trade Payables	(23.75)	(17.93)
Increase / (decrease) in Other Payables	49.49	(149.06)
Increase / (decrease) in Other financial liabilities	63.21	39.06
Increase / (decrease) in Other non-financial liabilities	(23.42)	(23.40)
Increase / (decrease) in Provisions	(3.64)	17.55
<b>Cash used in operations</b>	<b>(2,694.50)</b>	<b>(15,762.51)</b>
Income taxes paid (net of refunds)	(424.34)	(456.55)
Interest received on Bank deposits	31.66	21.59
Finance costs paid	(9,179.69)	(10,070.99)
<b>Net Cash flows from / (used in) Operating Activities</b>	<b>(A) 639.39</b>	<b>(13,598.35)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment and intangible assets	(140.66)	(81.08)
Purchase of investments at amortised cost	-	(51.87)
Proceeds from sale of investments at amortised cost	-	150.00
Proceeds from sale of property, plant and equipment and intangible assets	0.35	0.90
Interest income received from investment at amortised cost	221.17	232.40
Increase in earmarked balances with banks	93.60	75.65
<b>Net cash flows from / (used in) Investing Activities</b>	<b>(B) 174.46</b>	<b>475.00</b>


## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021 (CONTD...)

(₹ Lakhs)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		2,500.00
Proceeds from issue of equity shares	-	(358.51)
Issue expense of Debt Securities	(211.53)	11,681.70
Proceeds from borrowings through Debt Securities	13,474.41	(9,081.08)
Repayment of borrowings through Debt Securities	(16,059.38)	4,461.38
Proceeds from borrowings through Deposits	702.12	(7,846.90)
Repayment of borrowings through Deposits	(2,738.22)	5,500.00
Proceeds from borrowings other than Debt Securities	5,600.00	(4,580.66)
Repayment of borrowings other than Debt Securities	(3,870.19)	14,496.80
Proceeds from borrowings through Sub-Ordinated Liabilities	3,837.70	(8,652.75)
Repayment of borrowings through Sub-Ordinated Liabilities	(781.62)	(494.37)
(Increase) / decrease in loan repayable on demand	25.04	(146.76)
Lease liability paid	(152.62)	(602.78)
Dividend paid (including tax)	(388.24)	10,876.57
<b>Net cash flows from Financing Activities</b>	(C)	(562.53)
Net increase / (decrease) in cash and cash equivalents	(A+B+C)	251.32
Cash and cash equivalents at the beginning of the year	1,112.79	3,359.77
<b>Cash and cash equivalents at the end of the year</b>	1,364.11	1,112.79
<b>Net cash provided by / (used in) Operating Activities includes:</b>		
Interest received	16,345.13	15,905.13
Interest paid	(9,179.69)	(10,070.99)
<b>Net cash provided by / (used in) operating activities</b>	7,165.44	5,834.14
<b>Cash and cash equivalents at the end of the year:</b>		
i) Cash in hand	714.34	38.58
ii) Cheques on hand	540.37	977.21
iii) Balances with banks (of the nature of cash and cash equivalents)	109.40	97.00
<b>Total</b>	1,364.11	1,112.79

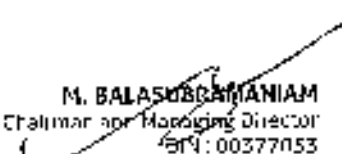
The accompanying Notes form an integral part of the financial statements


As per our report attached  
For P.K.Nagarajan & Co  
Chartered Accountants  
Firm Regn. No.: 0160765


  
**S.R. MUTHUSAMI**  
Partner  
Membership No. 224271

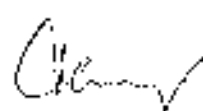
Place: Coimbatore  
Date: 30th June 2021

For and on behalf of the Board

  
**M. BALASUBRAMANIAM**  
Vice Chairman and Managing Director  
DIN: 00377053

  
**S. VENKATESH**  
Company Secretary  
FCS 7012

  
**M. MANICKAM**  
Chairman  
DIN: 00102233

  
**S. VELUSWAMY**  
Director (Finance & Operations) & CFO  
DIN: 05374999

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

### 1. Company Overview

Sakthi Finance Limited ("SFL" or "the Company") is a public limited Company having its Registered Office at 62, Dr. Kariappa Road, Coimbatore, Tamilnadu 641018. The Equity Shares and Non-Convertible Debentures of the Company are listed on BSE Limited.

The Company is a deposit-taking Non-Banking Financial Company ("NBFC") registered with Reserve Bank of India ("RBI") vide certificate No. 07 00252 dated 6th May 1998. By virtue of RBI Circular dated 22nd February 2019, the Company has been classified as an NBFC-Investment and Credit Company (NBFC-ICC). The Company is engaged in the business of Hire Purchase Financing for Commercial Vehicles, Infrastructure Equipment, Machineries, etc.

The Board of Directors, at their meeting held on 30th June 2021, approved the Financial statements of the Company for the year ended 31st March 2021.

### 2. Significant Accounting Policies

#### a. Basis of preparation

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act 2013 ("the Act") read together with Rule 3 of the Companies (Indian Accounting Standards) Rules 2015 (as amended from time to time) and the relevant provisions of the Act as applicable. Master Direction - Non-Banking Financial Company - Systematically Important Non-Deposit-taking Company and Deposit-taking company (Reserve Bank) Directions 2016 ["the NBFC Master Directions"] and the notification for implementation of Indian Accounting Standard vide circular RBI/2019-20/170DOR(NBFC), CC.PD.No.109/22.10.2019/2019-20 dated 13th March 2020 ("RBI Notification for Implementation of Ind AS") issued by RBI.

The financial statements have been prepared on a going concern basis and on historical cost convention, except for certain financial instruments that are measured at Fair Value Through Other Comprehensive Income ("FVTOCI") at the end of each reporting period. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

The regulatory disclosures as required by NBFC Master Directions to be included in the Notes forming an integral part of the financial statements are prepared as per RBI Notification for Implementation of Ind AS.

#### b. Presentation of Financial Statements

The company presents its balance sheet in the order of liquidity. Financial statements of the Company are prepared and presented in the format prescribed in the Division III to Schedule II to the Act applicable to

NBFCs, as notified by the Ministry of Corporate Affairs ("MCA"). Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional, legally enforceable right to offset the recognized amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances.

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Company and/or its counterparties.

The Financial Statements are presented in Indian Rupees (₹) which is the functional currency of the company and all values are rounded off to the nearest lakhs with two decimals except where otherwise indicated.

The aggregation and classification of amounts in the financial statements are based on materiality and similarity between the items. Items of dissimilar nature or function are separately presented unless they are immaterial except when required by law.

#### c. Use of Estimates, Judgements and Estimation uncertainty

The preparation of financial statements of the company involves use of estimates in computation of expected credit loss, making judgments in determination of fair value of financial assets and financial liabilities, assumptions for actuarial changes in defined benefit obligations. The Company based its assumptions and estimates on factors available when the financial statements were prepared.

The use of estimates and assumptions, which might have an effect on these financial statements. The estimates are based on historical experience and other factors that are considered to be relevant. The actual results may differ from these estimates. The company believes that the estimates used in preparation of financial statements are prudent and reasonable.

Existing circumstances and assumptions about future development, however, may change due to market changes or circumstances arising that are beyond the control of the company.

#### d. Impact of Covid 19

The COVID-19 pandemic has resulted in significant decrease in economic activities throughout the Country as well as Global. The Government of India and respective State Governments announced a strict curfew and lockdown across the country to control the spread of virus. This had a consequential impact

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

in the regular operations of the company. Further, the Company had extended the moratorium and also implemented resolution framework for eligible borrowings as per Reserve Bank of India ("RBI") directives issued from time to time. The relevant disclosures are given in Note 48 to the financial statements.

### c. Financial Instruments

#### i. Initial Recognition

Financial assets and financial liabilities are initially recognized on the date the company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities measured at fair value through profit or loss are recognised immediately in the Statement of Profit and Loss.

Transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities that are measured at amortised cost are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Unlike the other financial assets, Trade receivables are measured at transaction price at which the transaction had taken place.

#### ii. Classification and Measurement

The financial assets are classified based on the Company's business model for managing the financial assets and their contractual cash flow characteristics as subsequently measured:

- At amortised cost
- At Fair Value Through Other Comprehensive Income ("FVTOCI")
- At Fair Value Through Profit and Loss ("FVTPL")

The Company classifies financial liabilities at amortised cost unless it has designated liabilities at fair value through profit and loss.

#### Financial Assets at Amortised Cost

The classification of financial assets such as cash and cash equivalents, Loans, trade receivables and investments (other than classified at FVTOCI) are measured at amortised cost based on the assessment of business model as follows:

#### Business model Assessment

An assessment of business model for managing financial assets is fundamental to the classification of a financial asset.

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the company's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and
- The expected frequency, value and timing of loan disbursements based on the analysis of disbursements made and realisation of cash flows in previous periods.

The financial assets of the company are held within a business model, whose objective is to hold assets in order to collect contractual cash flows, are managed to realise cash flows by collecting contractual payments over the life of the instrument and within the business model whose objective is achieved by both collecting the contractual cash flows and selling the financial asset.

#### The Solely Payments of Principal and Interest ("SPPI") test on the principal amount outstanding:

For an asset to be classified and measured at amortised cost, its contractual terms should give rise to cash flows that meet SPPI test. For that purpose:

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset.

The interest income represents the consideration for time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement.

The SPPI assessment is made in the currency in which the financial asset is denominated.

The contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest ("SPPI") on the principal amount outstanding.

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

### Financial Assets at FVTOCI

#### Equity instruments

The Company has made an irrevocable election to classify and measure the listed equity instruments at FVTOCI to present the subsequent changes in fair value under Other Comprehensive Income ("OCI") and the classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as dividend income when the right to receive the payment has been established, except when the company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI.

#### Financial liabilities at Amortised cost

The company had classified the debt instruments, redeemable non-convertible preference shares and other borrowed funds at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue of funds, and transaction costs that are an integral part of the Effective Interest Rate ("EIR").

Any fees, paid or received, transaction costs and other premiums or discounts that are included in the calculation of the effective interest rate are amortised over the expected life of the financial instrument.

#### iii. Reclassification of Financial Instrument

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities during the financial year.

Till last year, the issue expenses relating to public issue of Non-Convertible Debentures was set-off against security premium. In the current year, the amortised issue expenses are written off in the statement of profit and loss and in future, the same write-off policy will continue.

#### iv. Derecognition of Financial Instruments

##### Financial Asset

The Company derecognises the financial asset when, and only when:

- The contractual rights to receive the cash flows from the financial asset have expired, or

- The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - a. the Company has transferred substantially all the risks and rewards of the asset, or
  - b. the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset, the difference between: (a) the carrying amount (measured at the date of derecognition) and (b) the consideration received shall be recognised in statement of profit and loss.

##### Financial Liability

The Company derecognises the financial liability when and only when it is extinguished, i.e. when the contractual obligation is discharged or cancelled or expired.

A financial liability shall be considered as extinguished when there is an exchange between the Company and the lender with substantially different terms of the original financial liability or when there is a substantial modification of the terms of existing financial liability or part thereof.

On derecognition of a financial liability, the difference between: (a) the carrying amount and (b) the consideration paid shall be recognised in the statement of profit and loss.

#### v. Impairment of Financial Assets

The impairment loss allowance is provided based on the Expected Credit Loss ("ECL") model.

The ECL is based on the credit losses expected to arise over the life of the financial asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company has categorized its loans into Stage 1, Stage 2 and Stage 3, as detailed below:

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

**Stage 1:**

Financial assets, where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, are classified under this Stage. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 and 3. The Company provides 12 month ECL for Stage 1 assets.

**Stage 2:**

Financial assets, where there has been a significant increase in credit risk since initial recognition but do not have a objective evidence of impairment, are classified under this Stage. The Company provides Lifetime ECL for Stage 2 assets.

**Stage 3:**

90 Days Past Due is considered as default for classifying a financial instrument as credit impaired. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

**f. Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

1. in the principal market for the asset or liability; or
2. in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market is accessible by the company at the measurement date. The Company measures the fair value of an asset or liability using the assumption that market participants would use when pricing the asset or liability.

The price is either directly observable or estimated using another valuation technique. The Company had adopted valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value by maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The company applied the fair value hierarchy for the inputs in valuation techniques used to measure fair value. The three levels of hierarchy are:

Level 1	Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to, at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regard to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
Level 2	Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.
Level 3	Those that include one or more unobservable inputs that is significant to the measurement as a whole

The Company determines appropriate classes of assets and liabilities on the basis of the following:

- a. the nature, characteristics and risks of the asset or liability; and
- b. the level of the fair value hierarchy within which the fair value measurement is categorized.

The company evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the period.

**g. Property, Plant and Equipment ("PPE")**

The Company recognises an item of property, plant and equipment when:

- a. it is probable that future economic benefits associated with the item will flow to the entity; and
- b. the cost of the item can be measured reliably.

The cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.



**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

Property, Plant and Equipment is carried at cost less accumulated depreciation and any accumulated impairment losses.

Capital work in progress comprises the cost of PPE that are not ready for its intended use at the reporting date.

**Depreciation**

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives which is in line with the estimated useful life as specified in Schedule II to the Act except for leasehold improvements which are amortised on a straight-line basis over the period of lease or estimated period of useful life of such improvement, subject to a maximum period of 60 months. Leasehold improvements include all expenditure incurred on the leasehold premises that have future economic benefits. The depreciation charge for each period will be recognised in the statement of profit and loss for the period.

Particulars	Useful life as prescribed by Schedule II to the Companies Act 2013	Useful life estimated by the Company
Buildings	60 years	60 years
Plant and Machinery	15 years	15 years
Plant - Windmills	22 years	22 years
Furniture and Fixtures	10 years	10 years
Vehicles	8 years	8 years
Office Equipments	5 years	10 years
Computers	3 years	6 years

The Management has considered the useful life of office equipments and computers as 10 years and 6 years respectively.

Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected from its use.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is recognised in other income / netted off from any loss on disposal in the statement of profit and loss in the year in which the asset is derecognized.

**h. Intangible Assets**

Intangible assets are carried at its cost less any accumulated amortisation and accumulated impairment losses, if any.

The intangible assets comprise computer software which is amortized over the estimated useful life, in a straight line method. The amortisation charge is calculated by using the straight line method to write down the cost of intangible assets over their estimated useful life of 6 years as per Management's estimate.

Amortization is recognised as an expense in the statement of profit and loss for the period. The Company has a practice of reviewing the method and period of amortisation at the end of each financial year.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the intangible assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / netted off from any loss on disposal in the statement of profit and loss in the year in which the asset is derecognized.

**i. Investment Property**

Investment properties are properties held to earn rentals and/or for capital appreciation or both. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any. When significant parts of the investment property are required to be replaced at intervals, the company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

The company, based on technical assessment made by management, depreciates the building over its estimated useful life of 60 years. The management believes that these estimated useful life is realistic and reflect fair approximation of the period over which the assets are likely to be used.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in Note 9. Fair value is determined based on an annual evaluation performed by an accredited external independent valuer.

**j. Impairment of Non-Financial Assets**

The Company reviews the carrying amounts of PPE, Investment Property and Intangible assets to determine, if there is an indication that those assets have suffered any impairment loss. In case of any such indication those non financial assets are tested for

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

impairment so as to determine the impairment loss if any at the end of each reporting period.

### k. Employee Benefits

#### Short Term Employee Benefits

Short-term employee benefits are recognised as expense when the related service is provided. A liability for salaries and wages, Bonus, leave encashment is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### Defined Contribution Plan

##### Employees Provident Fund ("EPF") and Employees State Insurance ("ESI")

Retirement benefits such as employee provident fund and employee state insurance comes under the defined contribution plan for which the Company make contributions to such schemes administered by government organisations set up under the applicable statute and are recognised as expense when an employee renders related service.

#### Defined Benefit Plan

##### Gratuity

The obligation in respect of defined benefit plans, which covers Gratuity is provided for on the basis of an actuarial valuation at the end of each financial year by an independent Actuarial using Projected Unit Credit method. The Company makes contribution to a Gratuity Fund administered and managed by Life Insurance Corporation of India ("LIC").

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Past services are recognised at the earlier of the plan amendment / curtailment and recognition of related restructuring costs/termination benefits.

The Company recognises the changes in the net defined benefit obligation such as service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements) under employee benefit expenses and net interest expense or income in the Statement of Profit and Loss in the line item, Employee Benefits Expenses.

Re-measurements of defined benefit plan, comprising actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to Other Comprehensive Income ("OCI") in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

The retirement benefit obligation, recognised in the Balance Sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in the future contribution to the plans.

#### Other Long-Term Benefits

##### Leave Encashment, Compensated Absences and Sick Leave

The Company provides for the encashment / availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

The service cost, interest on defined benefit liability and re-measurements of defined benefit liability is recognised in the statement of profit and loss.

### L. Income

#### i. Interest Income

The Company recognises interest income using Effective Interest Rate ("EIR") on all financial assets which are subsequently measured at amortised cost.

EIR is the rate that exactly discounts estimated future cash flows of the financial instruments through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount. The future cash flows are estimated using the contractual terms of the instrument.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. In case of credit-impaired financial assets ("Stage 3"), the Company recognises interest income on the amortised cost net of impairment loss of the financial asset at EIR. If the financial asset is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest levied on customers for delay in repayments/non-payment of contractual cash flows is recognised on realisation.

Interest income from Government securities is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.

#### ii. Dividend Income

Dividend income on equity shares is recognized when the right to receive the payment is established by the reporting date.

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

### iii. Other Operating Income

The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers'. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at the fair value of the consideration received or receivable.

The Company recognises income on recoveries of financial assets written off on realisation basis.

### iv. Fees and Commission Income

The Company recognises service and administration charges towards rendering financial services to its customers on satisfactory completion of service delivery. Charge Bounce charges levied on customers for non payment of instalment on the contractual date is recognised on realisation. Foreclosure charges are collected from loan customers for early payment/closure of loan and are recognised on realisation.

### v. Sale of Power from Windmills

Income from power generation is recognized as per the Power Purchase Agreements with State Electricity Board and on supply of power to the grid.

### vi. Net gain/loss on fair value changes

The Company designates certain financial assets for subsequent measurement at FVTOCI. The Company recognises gains/loss on fair value change of financial assets measured at FVTOCI.

### m. Foreign Currency Transaction

The functional currency and presentation currency of the Company is Indian Rupee. Functional currency of the Company and foreign operations has been determined based on the primary economic environment in which the Company and its foreign operations operate considering the currency in which funds are generated, spent and retained.

Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the prevailing closing spot rates. Non-monetary items are measured in terms of historical cost in foreign currency and are not retranslated.

Exchange differences, if any that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are

recognised in the Statement of Profit and Loss in the period in which they arise.

### n. Borrowing Costs

Borrowing costs include interest expense calculated using the effective interest rate method as per Ind AS 109 on Financial Instruments and interest in respect of lease liability recognised in accordance with Ind AS 116. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

### o. Income Taxes

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income)

#### i. Current tax

Current tax is the amount of tax payable to (recovered from) the taxation authorities on the taxable income for the year determined in accordance with the provisions of the Income Tax Act 1961 and Income Computation and Disclosure Standards prescribed therein. The tax rates and tax laws used to compute the amount are those that are enacted by the end of reporting date. Current tax relating to items recognised outside the statement of profit and loss is recognised in correlation to the underlying transaction either in OCI or directly in other equity.

#### ii. Deferred Tax

Deferred tax is the tax effect on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements as at the reporting date.

Deferred tax liability is recognised for all taxable temporary differences and deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The Company reviews the carrying amount of a deferred tax asset as at the end of each reporting period and reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised.

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Deferred tax relating to items recognized outside profit or loss is recognised either in Other Comprehensive Income or in other equity.

### p. Goods and Services Input Tax Credit

Input Tax credit is accounted for in the books in the period when the underlying service/supply received is accounted to the extent permitted as per the applicable regulatory laws and when there is no uncertainty in availing/utilising the same. The ineligible input credit is charged off to the respective expense or capitalised as part of asset cost as applicable.

### q. Leases

#### As a Lessee

The Company has applied Ind AS 116 'Leases' for all lease contracts except for short term leases and leases for which underlying asset is of low value or modified retrospective approach.

Right of Use Asset is initially measured as at the sum of initial measurement of the lease liability and any lease payments made at or before the date of commencement of lease, adjusted by any lease incentives received. In subsequent periods, the Right of Use Asset is measured at cost less accumulated depreciation and any accumulated impairment losses with adjustment for remeasurement of lease liability.

Lease Liability is initially measured at the present value of the lease payments that are not paid as at that date of recognition discounted at the Company's incremental borrowing rate. If Lease liability subsequently undergoes changes on account of interest on the lease liability, lease payments and remeasurement of the carrying amount on any reassessment or lease modifications.

#### Amendments to Ind AS 116 Covid-19 Related Rent Concessions:

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification. This amendment had no significant impact on the financial statements of the Company.

#### As a Lessor

The Company recognises the lease payments from operating lease as income on the basis of contractual terms between the Lessee and the Company.

### r. Provisions and Contingent Liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event; it is probable that the Company will

be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. When there is a possible obligation or a present obligation in respect of which the likelihood of out flow of resources is remote, no provision or disclosure is made.

A present obligation that arises from past events, where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

Contingent assets are not recognised in the financial statements. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognized.

### s. Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash on hand, cheques and drafts on hand, balance with banks in current accounts and short term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value.

### t. Statement of Cash Flow

Statement of Cash Flows are reported using the indirect method, whereby the net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The statement of cash flows from operating, investing and financing activities of the Company are segregated.

### u. Earnings Per Share ("EPS")

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for shares issued during the year. For the purpose of calculating diluted EPS, profit after tax for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

Particulars	(₹ Lakhs)	
	As at 31st March 2021	As at 31st March 2020
<b>3. CASH AND CASH EQUIVALENTS</b>		
Cash on hand	714.34	58.58
Balance with Banks in Current Accounts	109.40	97.00
Cheques, drafts on hand	540.57	977.21
<b>Total</b>	<b>1,364.11</b>	<b>1,112.79</b>
<b>4. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS</b>		
Earmarked Balances with Banks :		
Unpaid Dividend Accounts	56.83	56.39
Term Deposits with Banks :		
- Free		
- Under Lien #	318.96	413.00
<b>Total</b>	<b>375.79</b>	<b>469.39</b>

**# Details of Term Deposits under lien**

Particulars	As at 31st March 2021		As at 31st March 2020	
	Bank Balances other than Cash and Cash equivalents (Note 4)	Other Financial assets (Note 8)	Bank Balances other than Cash and Cash equivalents (Note 4)	Other Financial assets (Note 8)
For Statutory Liquid Assets*	318.96	12.83	413.00	11.88
<b>Total</b>	<b>318.96</b>	<b>12.83</b>	<b>413.00</b>	<b>11.88</b>

\* In accordance with the Reserve Bank of India Directives, the Company has created a floating charge on Statutory Liquid Assets (Bank Deposits and interest accrued thereon) in favour of IDBI Trusteeship Services Ltd., Trustees representing the Public deposit holders of the company.

**5. RECEIVABLES**

**(i) Trade Receivables**

Unsecured - Considered good

- Unsecured - Considered good

- Unsecured - Credit Impaired

Less: Impairment Allowance

**Total**

111.14

163.81

120.43

146.40

(49.16)

(72.86)

**182.41**

**237.36**

**(ii) Other Receivables**

Unsecured - Considered good

**Total**

3.52

8.69

**3.52**

**8.69**

There is no amount due from any directors or other officers of the Company or any firm, or Private Limited Company in which any Director is a partner, a Director or a member.

**6. LOANS**

**(A) Loans (at amortised cost)\***

    Hive Purchase Loans†

    Loans Repayable on Demand

    Other Loans ‡

**Total (Gross)**

Less: Impairment Loss Allowance

**Total (Net)**

1,12,645.02

1,08,363.51

81.36

1,315.22

260.08

358.98

**1,12,986.46**

**1,10,037.71**

(3,632.73)

(2,991.53)

**1,09,353.73**

**1,07,046.18**

**1,12,645.02**

**1,08,363.51**

**(B) (i) Secured by Tangible Assets**

(ii) Secured by Intangible Assets

(iii) Covered by Bank / Govt. Guarantee

(iv) Unsecured

**Total (Gross)**

Less: Impairment Loss Allowance

**Total (Net)**

341.44

1,674.20

**1,12,986.46**

**1,10,037.71**

(3,632.73)

(2,991.53)

**1,09,353.73**

**1,07,046.18**

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

Particulars	(₹ Lakhs)	
	As at 31st March 2021	As at 31st March 2020
(C) (i) Loans in India		
(a) Public Sector	1,12,986.46	1,10,037.71
(b) Others	1,12,986.46	1,10,037.71
<b>Total (Gross)</b>	<b>1,12,986.46</b>	<b>1,10,037.71</b>
Less: Impairment Loss Allowance	<u>(3,632.73)</u>	<u>(2,991.53)</u>
<b>Total (Net) - C (i)</b>	<b>1,09,353.73</b>	<b>1,07,046.18</b>
(ii) Loans Outside India		
Less: Impairment Loss Allowance	-	-
<b>Total (Net) - C (ii)</b>	<b>-</b>	<b>-</b>
<b>Total (Net) - C (i+ii)</b>	<b>1,09,353.73</b>	<b>1,07,046.18</b>

\* There is no loan assets measured or designated at FVTOCI or FVTPL

# Includes Repossessed Assets

## Represents Staff Loans

Refer Note 41 on Disclosure pursuant to Ind AS 24\* - Related Party Disclosures for Loans and Advances given and outstanding dues from related parties

**7. INVESTMENTS**

**At Amortised Cost**

**Investments in Government Securities**

	Number	Face Value per unit (₹)		
<b>Quoted</b>				
Bonds of Central and State Governments *	25,68,000	100	2,577.61	2,581.07
<b>Total (A)</b>			<b>2,577.61</b>	<b>2,581.07</b>

**At Fair value through Other Comprehensive Income**

**Investments in Equity Instruments**

<b>Quoted - Associates</b>				
Sakthi Sugars Limited	5,52,833	10	52.30	40.36
<b>Quoted - Others</b>				
Siles India Limited	100	10	-	-
<b>Total (B)</b>			<b>52.30</b>	<b>40.36</b>

**At Cost**

**Investments in Equity Instruments**

<b>Unquoted - Associates</b>				
ABT Industries Limited	1,50,000	10	15.00	15.00
ABT Foods Agrovet Limited	1,25,000	10	12.50	12.50
Sakthi Soft Drinks Pvt Limited	50,000	10	3.00	3.00
Sri Bhagavathi Textiles Limited	5	100	0.04	0.04
Sri Chamundeswari Sugars Limited	1,86,566	10	7.82	7.82
<b>Unquoted - Others</b>				
ABT Co-operative Stores Limited	500	10	0.05	0.05
Chokhani International Limited	100	10	0.02	0.02
<b>Total (C)</b>			<b>38.43</b>	<b>38.43</b>

**Total (Gross) - (A+B+C)**

(i) Investments Outside India			-	-
(ii) Investments In India			2,668.34	2,659.80
<b>Total</b>			<b>2,668.34</b>	<b>2,659.80</b>
Less: Impairment Loss Allowance			<u>0.06</u>	<u>0.06</u>
<b>Total (Net)</b>			<b>2,668.28</b>	<b>2,659.80</b>

# In accordance with the Mesra Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions 2016 dated 25th August 2015, the Company has created a floating charge on the statutory liquid assets comprising investment in Government Securities or the above investments in favour of IDBI Trusteeing Services Ltd, Trustees representing the public deposit holders of the company.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

Particulars	(₹ Lakhs)	
	As at 31st March 2021	As at 31st March 2020
<b>8. OTHER FINANCIAL ASSETS</b>	<b>56.16</b>	<b>56.69</b>
- Interest accrued on Government Securities	-	-
- interest accrued on Term Deposits	-	-
- Free	12.03	11.88
- Under Lien (Refer Note A)	169.38	187.43
- Security Deposits	1,562.29	1,896.74
- Other Loans and Advances	29.77	3.64
- Advance to Employees	-	-
<b>Total</b>	<b>1,830.43</b>	<b>2,163.38</b>

**9. a) INVESTMENT PROPERTY**

Particulars	Land	Building	Total
Carrying amount as at 1st April 2019	66.87	226.74	293.61
Additions	-	-	-
Deductions	-	-	-
Carrying amount as at 31st March 2020	66.87	226.74	293.61
Additions	-	-	-
Deductions	-	-	-
Carrying amount as at 31st March 2021	66.87	226.74	293.61
<b>Accumulated depreciation / amortisation and impairment</b>			
Balance as at 1st April 2019	-	4.60	4.60
Depreciation for the year	-	4.60	4.60
Depreciation on deductions	-	-	-
Balance as at 31st March 2020	-	9.20	9.20
Depreciation for the year	-	4.60	4.60
Depreciation on deductions	-	-	-
Balance as at 31st March 2021	-	13.80	13.80
<b>Net carrying amount</b>			
As at 31st March 2020	66.87	217.54	284.41
As at 31st March 2021	66.87	212.94	279.81
<b>Useful Life of the Asset (in years)</b>	-	60	-

**9. b) Rental Income with respective expenses**

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Rental Income - Building	3.52	21.15
Direct operating expenses on properties not generating rental income in include	0.49	2.13

**9. c) Fair Value of Investment Property with assumptions applied in determining the fair value of investment property**

Particulars	Valuation technique	Significant, unobservable inputs	Range (Weighted avg)	Sensitivity of the input to fair value	Fair value ₹ Lakhs	Sensitivity ₹ Lakhs
<b>Sensitivity analysis</b>						
Investment Property As at 31st March 2021	Professional valuer	Price per Square Feet	₹ 2,500 - 5,000 per Square Feet	5%	370	19
Investment Property As at 31st March 2020	Professional valuer	Price per Square Feet	₹ 2,500 - 5,000 per Square Feet	5%	370	19

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

**10 (a) Property, Plant and Equipment - Tangible Assets**

(₹ Lakhs)

Particulars	Land - Freehold	Buildings	Plant and Machinery	Plant - Wind Mills	Furniture and Fixtures	Vehicles	Office Equipments	Total Tangible Assets
Carrying amount as at 1st April 2019	2,764.91	1,712.64	85.91	1,615.39	308.33	97.79	116.54	6,701.51
Additions	-	0.25	8.80	-	75.97	-	48.64	83.63
Deductions	-	-	1.49	-	0.93	0.63	-	3.05
Carrying amount as at 31st March 2020	2,764.91	1,712.89	93.22	1,615.39	333.34	97.16	164.98	6,781.89
Additions	-	-	0.99	-	3.86	-	46.52	51.37
Deductions	-	-	-	-	-	-	0.57	0.57
Carrying amount as at 31st March 2021	2,764.91	1,712.89	94.21	1,615.39	337.20	97.16	210.93	6,832.69
Accumulated depreciation / amortisation and impairment								
Balance as at 1st April 2019	-	52.88	6.93	104.37	28.94	12.98	20.69	226.99
Depreciation for the year	-	55.10	7.78	104.57	34.78	13.50	23.17	238.90
Depreciation on deductions	-	-	0.23	-	-	0.42	-	0.65
Balance as at 31st March 2020	-	107.98	14.48	209.14	63.72	26.96	43.86	465.24
Depreciation for the year	-	54.02	7.97	104.37	36.16	13.50	28.94	247.16
Depreciation on deductions	-	-	-	-	-	-	-	-
Balance as at 31st March 2021	-	162.00	22.45	313.71	99.88	39.56	72.80	710.40
Net Carrying amount								
As at 31st March 2020	2,764.91	1,604.91	78.74	1,406.25	269.62	71.10	121.12	6,216.65
As at 31st March 2021	2,764.91	1,550.89	71.76	1,301.68	237.32	57.60	138.13	6,122.29
Useful life of the Asset (in years)	-	60	15	22	10	8	10	-

**Carrying Value of Assets Pledged Against borrowings / Debt Securities as at 31st March 2021 (Refer Note 13 & 14)**

As at 31st March 2020	427.29	1,438.80	-	1,406.25	-	-	-	3,262.34
As at 31st March 2021	273.80	1,391.56	-	-	-	-	-	1,565.36



**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

		(₹ Lakhs)
<b>10 (b) Right of use Assets</b>		<b>Amount</b>
<b>Particulars</b>		
Carrying amount as at 1st April 2019		1,439.35
Additions		53.18
Deductions		-
Carrying amount as at 31st March 2020		1,492.53
Additions		7.97
Deductions		-
Carrying amount as at 31st March 2021		1,484.56
<b>Accumulated depreciation / amortisation and impairment</b>		
Balance as at 1st April 2019		135.72
Depreciation for the year		144.84
Depreciation on deductions		-
Balance as at 31st March 2020		280.56
Depreciation for the year		133.50
Depreciation on deductions		-
Balance as at 31st March 2021		414.06
Net carrying amount		1,211.97
As at 31st March 2020		1,070.50
As at 31st March 2021		1,070.50

**10 (c) Intangible Assets under development**

		Amount
<b>Particulars</b>		
Carrying amount as at 1st April 2019		-
Additions		15.07
Deductions		-
Carrying amount as at 31st March 2020		15.07
Additions		71.20
Deductions		-
Carrying amount as at 31st March 2021		86.27
As at 31st March 2020		15.07
As at 31st March 2021		86.27

**10 (d) Other Intangible Assets - Computer Software**

		Amount
<b>Particulars</b>		
Carrying amount as at 1st April 2019		261.73
Additions		3.88
Deductions		-
Carrying amount as at 31st March 2020		265.61
Additions		15.25
Deductions		-
Carrying amount as at 31st March 2021		278.86
<b>Accumulated depreciation / amortisation and impairment</b>		
Balance as at 1st April 2019		71.40
Depreciation for the year		77.26
Depreciation on deductions		-
Balance as at 31st March 2020		148.66
Depreciation for the year		27.63
Depreciation on deductions		-
Balance as at 31st March 2021		176.29
Net carrying amount		114.95
As at 31st March 2020		114.95
As at 31st March 2021		102.57
Useful Life of the Asset (in years)		6

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31ST MARCH 2021**

Particulars	(₹ Lakhs)	
	As at 31st March 2021	As at 31st March 2020
<b>11. OTHER NON-FINANCIAL ASSETS</b>		
Considered good - Unsecured:		
- Prepaid Expenses	103.49	112.67
- GST Input Tax Credit (Refer Note 2 (p))	221.21	143.74
- Debiture Issue Expenses	268.01	57.80
- Others	11.02	10.20
<b>Total</b>	<b>603.73</b>	<b>323.48</b>
<b>LIABILITIES AND EQUITY</b>		
<b>12. PAYABLES</b>		
<b>(I) Trade Payables</b>		
(i) Total outstanding dues of micro enterprises and small enterprises	3.26	6.87
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	140.62	180.76
<b>(II) Other Payables</b>		
(i) Total outstanding dues of micro enterprises and small enterprises		-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	151.48	101.99
<b>Total</b>	<b>295.36</b>	<b>269.62</b>

**Micro, Small and Medium Enterprises:**

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act 2006 ("MSMED Act"), the total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period and other disclosures as per MSMED Act are given below:

a)	Dues remaining unpaid to any supplier at the year end		
	- Principal	3.26	6.87
	- Interest on the above	-	-
b)	Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		
	- Principal paid beyond the appointed date	-	-
	- Interest paid in terms of Section 16 of the MSMED Act	-	-
c)	Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	-	-
d)	Amount of interest accrued and remaining unpaid	-	-
e)	Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	-	-
	<b>Total</b>	<b>3.26</b>	<b>6.87</b>

**13. DEBT SECURITIES**

**At Amortised Cost**

Non-Convertible Debentures - Secured	28,929.69	31,453.52
<b>Total</b>	<b>28,929.69</b>	<b>31,453.52</b>
Debt Securities in India	28,929.69	31,453.52
Debt Securities outside India	-	-
<b>Total</b>	<b>28,929.69</b>	<b>31,453.52</b>

Note 1: There is no debt securities measured at FVTPL or designated at FVTPL.

ii. The Non-Convertible Debentures are secured by immovable properties and Loan receivables of the Company having a carrying value of ₹ 60,902.68 lakhs (31st March 2020: ₹ 30,772.56 Lakhs).

iii. For Debt securities subscribed by the related parties, Refer Note 42.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

Particulars	₹ Lakhs	
	As at 31st March 2021	As at 31st March 2020
<b>Details of Non-Convertible Debentures - Secured :</b>		
<b>A) (i) Issued on private placement basis - Face Value of ₹ 1</b>		
- Repayable on maturity:		
Interest Range 9% to 10%		
Maturing within 1 year	-	1,310.00
<b>Sub-Total A (i)</b>		<b>1,310.00</b>
<b>(ii) Issued on private placement basis - Face Value of ₹ 1000</b>		
- Repayable on maturity:		
Interest Range 8.50% to 10%		
Maturing within 1 year	4,628.00	2,443.50
Maturing between 1 to 2 years	3,201.00	3,659.00
Maturing between 2 to 3 years	3,426.50	2,804.50
<b>Sub-Total A (ii)</b>	<b>11,255.50</b>	<b>8,907.00</b>
<b>Total A (i+ii)</b>	<b>11,255.50</b>	<b>10,217.00</b>
Add: Interest accrued but not due	569.28	364.37
Less: unamortized charges	52.10	54.82
<b>Total Amortized Cost (A)</b>	<b>11,772.48</b>	<b>10,526.55</b>
<b>B) Public Issue - Face Value of ₹ 1000</b>		
Repayable on maturity:		
Interest Range 9% to 10%		
Maturing within 1 year	1,991.39	-
Maturing between 1 year to 2 years	5,324.98	1,991.39
Maturing between 2 years to 3 years	5,489.32	1,661.32
Maturing between 3 years to 4 years	3,272.12	3,742.49
Interest Range 10% to 11%		
Maturing within 1 year	-	11,040.05
<b>Sub-Total (B)</b>	<b>16,077.81</b>	<b>18,435.25</b>
Add: Interest accrued but not due	1,079.40	2,491.52
<b>Total Amortized Cost (B)</b>	<b>17,157.21</b>	<b>20,926.77</b>
<b>Total Amortized Cost (A+B)</b>	<b>28,929.69</b>	<b>31,453.32</b>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

Particulars	(₹ Lakhs)	
	As at 31st March 2021	As at 31st March 2020
<b>14. BORROWINGS (OTHER THAN DEBT SECURITIES)</b>		
At amortized cost		
Term loan - Secured		
From Banks	5,568.31	1,601.00
From Other Lenders	2,925.80	5,077.19
Loan Repayable on Demand		
- Cash Credit Facilities from Banks	14,565.05	14,540.01
<b>Total</b>	<b>23,059.16</b>	<b>21,218.20</b>
Borrowings in India	23,059.16	21,218.20
Borrowings outside India	-	-
<b>Total</b>	<b>23,059.16</b>	<b>21,218.20</b>

There are no borrowings measured or designated at FVTPL

a) Term loans from Banks are secured as under :

i) State Bank of India

Sl No	Amount of Term Loan sanctioned	Rate of interest per annum	Repayment		Mortgage period	Security details	Amount outstanding as on 31.03.2021	Amount outstanding as on 31.03.2020
			Commencement date	End date				
1	5,000.00	11.00%	30.09.2020	30.06.2025		Hypothecation of specified Hire Purchase receivables and personal guarantee by a director	4,398.00	
2	600.00	7.25%	30.11.2020	30.04.2022		Hypothecation of specified Hire Purchase receivables and personal guarantee by a director	430.00	
Add: Interest accrued but not due							-	
Less: unamortized charges							56.52	
<b>Total Amortized Cost</b>							<b>4,771.48</b>	

ii) AU Small Finance Bank Ltd

Sl No	Amount of Term Loan sanctioned	Rate of interest per annum	Repayment		Mortgage period	Security details	Amount outstanding as on 31.03.2021	Amount outstanding as on 31.03.2020
			Commencement date	End date				
1	2,300.00	10.65%	15.12.2017	15.12.2020	-	Hypothecation of specified Hire Purchase receivables and personal guarantee by a director	608.11	
Add: Interest accrued but not due							-	2.88
Less: unamortized charges							-	2.13
<b>Total Amortized Cost</b>							<b>608.86</b>	

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

(₹ Lakhs)

**iii) Industrial Bank Ltd**

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31.03.2021	Amount outstanding as on 31.03.2020
			Commencement date	End date				
1	650.00	12.00%	04.03.2020	04.06.2025	3 Mths	Hypothecation of specified Hire Purchase receivables	512.52	654.61
2	350.00	12.00%	04.05.2020	04.06.2025	3 Mths		274.29	340.22
Add: Interest accrued but not due							6.98	8.65
Less: unamortized charges							3.05	4.73
<b>Total Amortized Cost</b>							<b>790.74</b>	<b>978.75</b>

**iv) HDFC Bank Ltd**

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31.03.2021	Amount outstanding as on 31.03.2020
			Commencement date	End date				
1	19.00	9.50%	05.02.2019	05.02.2022	-	Hypothecation of New Innova Crystal GX Car	6.09	13.39
<b>Total Amortized Cost</b>							<b>6.09</b>	<b>13.39</b>

**b) Term loans from other Lenders are secured as under:**

**i) Sundaram Finance Ltd**

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31.03.2021	Amount outstanding as on 31.03.2020
			Commencement date	End date				
1	1,000.00	10.25%	10.10.2017	10.02.2021	5 Mths	Encumbrance charge on 17 Wind Mills, situated at Tirunelveli/Truper Dist in Tamilnad and also at Morugunda Village, Bhavnad Taluk, Jam Nagar Dist, Gujarat and guarantee by a director	-	188.51
Add: Interest accrued but not due							-	2.11
Less: unamortized charges							-	-
<b>Total Amortized Cost</b>							<b>-</b>	<b>189.62</b>

**ii) Northern Arc Capital Ltd (formerly IFMR Capital Finance Pvt Ltd)**

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31.03.2021	Amount outstanding as on 31.03.2020
			Commencement date	End date				
1	1,500.00	14.00%	06.04.2020	07.03.2022	-	Hypothecation of specified Hire Purchase receivables and personal guarantee by a director	801.33	1,500.00
Add: Interest accrued but not due							8.50	14.38
Less: unamortized charges							10.43	19.84
<b>Total Amortized Cost</b>							<b>799.20</b>	<b>1,494.54</b>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

**iii) Hinduja Leyland Finance Ltd**

(₹ Lakhs)

Sl. No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31.03.2021	Amount outstanding as on 31.03.2020
			Commencement date	End date				
1	2,600.00	10.71%	07.05.2017	07.04.2020	-	-	54.28	
2	3,500.00	10.25%	07.01.2018	07.04.2021	2 Mths	Hypothecation of specified Hire Purchase receivables and personal guarantee by a director	48.40	509.79
Add: Interest accrued but not due							0.33	4.22
Less: Unamortized charges								
<b>Total Amortized Cost</b>							<b>48.73</b>	<b>598.29</b>

**iv) Shriram Transport Finance Company Ltd**

Sl. No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31.03.2021	Amount outstanding as on 31.03.2020
			Commencement date	End date				
1	2,000.00	13.00%	05.09.2019	05.08.2023	-	Hypothecation of specified Hire Purchase receivables	1,330.70	1,114.56
2	1,000.00	13.00%	05.05.2020	05.04.2023	-		737.19	1,000.00
Add: Interest accrued but not due							19.15	16.43
Less: Unamortized charges							9.17	13.36
<b>Total Amortized Cost</b>							<b>2,077.87</b>	<b>2,776.96</b>

**v) Profectus Capital (P) Ltd**

Sl. No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31.03.2021	Amount outstanding as on 31.03.2020
			Commencement date	End date				
1	200.00	13.00%	15.04.2019	15.04.2020	-	Hypothecation of specified Hire Purchase receivables	-	17.67
Add: Interest accrued but not due							-	0.11
Less: Unamortized charges							-	-
<b>Total Amortized Cost</b>							<b>-</b>	<b>17.78</b>

**c) loans repayable on demand - Cash credit facilities with banks (secured)**

Particulars	As at 31st March 2021		As at 31st March 2020	
	Interest Rate Range	Amount outstanding	Interest Rate Range	Amount outstanding
Maturing within 1 Year:	9.65 % to 12.60%	14,556.73	10.55 % to 12.80%	14,432.68
Add: Interest accrued but not due		33.18		125.96
Less: Unamortized charges		24.86		18.33
<b>Total Amortized Cost</b>		<b>14,565.05</b>		<b>14,540.01</b>

The Cash Credit facilities from Banks are secured by hypothecation of specified hire purchase receivables and a personal guarantee by Director(s). The Company has also extended collateral security of Company's Building and land belonging to a Director.

d) There is no default in repayment of loans and interest thereon.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

Particulars	(₹ Lakhs)	
	As at 31st March 2021	As at 31st March 2020
<b>15. DEPOSITS (UNSECURED)</b>		
At amortized cost		
Public Deposits	17,086.35	19,046.38
<b>Total</b>	<b>17,086.35</b>	<b>19,046.38</b>

There is no Deposits measured or designated at FVTPL

**Details of Deposits - Unsecured :**

Particulars	As at 31st March 2021	As at 31st March 2020
	Repayable on maturity:	
Interest Range 8% to 9%		
Maturing within 1 year	8,025.57	8,527.06
Maturing between 1 to 2 years	5,763.06	7,064.93
Maturing between 2 to 3 years	2,257.83	2,580.74
<b>Sub-Total</b>	<b>16,046.46</b>	<b>17,967.73</b>
Add: Interest accrued but not due	1,117.20	1,171.20
Less: Unamortized charges	77.31	92.55
<b>Total Amortized Cost</b>	<b>17,086.35</b>	<b>19,046.38</b>

For Deposits held by related parties, refer Note 41

Particulars	As at 31st March 2021	As at 31st March 2020
	<b>16. SUB-ORDINATED LIABILITIES (UNSECURED)</b>	
At amortized cost		
Non-Convertible Debentures - Unsecured	6,510.56	4,577.35
Redeemable Cumulative Preference Shares ("RCPS")	1,842.25	1,630.10
Sub-Ordinated Debts	25,176.84	23,008.68
<b>Total</b>	<b>33,529.65</b>	<b>29,216.13</b>
Sub-Ordinated Liabilities in India	33,529.65	29,216.13
Sub-Ordinated Liabilities outside India	-	-
<b>Total</b>	<b>33,529.65</b>	<b>29,216.13</b>

Note: There is no Sub-Ordinated liabilities measured or designated at FVTPL

**Terms/rights attached to RCPS**

The RCPS do not have voting rights other than matters which directly affect them. In the event of any due and payable dividends remain unpaid for aggregate period of at least two years prior to the start of any general meeting of the equity shareholders, RCPS holders shall have voting rights in line with their voting rights of the equity shareholders. The RCPS will be redeemed at the end of three years from the date of allotment and the payment of dividend would be in accordance with the terms agreed at the time of issuance of RCPS.

On winding up or repayment of capital, RCPS holders enjoy preferential rights vis a vis equity shareholders, for repayment of capital paid-up and shall include any unpaid dividends.

For the year ended 31 March 2021, the Company declared and paid an interim dividend of ₹ 134.75 lakhs after deduction of TDS of ₹ 5.54 lakhs on RCPS of ₹ 100 each fully paid (31st March 2020: ₹ 179.65 lakhs).

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

**Details of Sub-Ordinated Liabilities - Unsecured:**

(₹ Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
<b>A) Non-Convertible Debentures - Unsecured:</b>		
Issued on Public Issue		
Repayable on maturity:		
Interest Range 10% to 11%		
Maturing between 3 years to 4 years	4,374.80	4,374.80
Maturing between 4 years to 5 years	1,603.70	-
<b>Sub-Total (A)</b>	<b>5,978.50</b>	<b>4,374.80</b>
<b>B) Preference Shares</b>		
Repayable on maturity:		
9% Redeemable Cumulative Preference Shares		
Maturing within 1 year	665.00	815.00
Maturing between 1 years to 2 years	-	665.00
Maturing between 2 years to 3 years	1,169.00	-
<b>Sub-Total (B)</b>	<b>1,834.00</b>	<b>1,500.00</b>
<b>C) Sub-Ordinated Debts</b>		
Repayable on maturity:		
Interest Range 10% to 11%		
Maturing between 2 to 3 years	9,914.60	-
Maturing between 3 to 4 years	12,221.80	9,914.40
Maturing between 4 to 5 years	1,244.40	12,221.80
Maturing after 5 years	-	179.40
<b>Sub-Total (C)</b>	<b>23,380.60</b>	<b>22,315.60</b>
<b>Sub-Total (A+B+C)</b>	<b>31,193.10</b>	<b>28,190.40</b>
<b>Add: Interest accrued but not due</b>		
A) Non-Convertible Debentures - Unsecured	532.06	202.55
B) Preference Shares	8.38	135.00
C) Sub-Ordinated Debts	1,944.88	876.67
<b>Less: Unamortized charges</b>		
A) Non-Convertible Debentures - Unsecured	-	-
A) Preference Shares	0.13	4.89
B) Sub-Ordinated Debts	148.64	183.60
<b>Total amortized cost</b>	<b>33,529.65</b>	<b>29,216.13</b>

Sub-Ordinated Debts held by related parties, refer Note 41



**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

(₹ Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
<b>17. OTHER FINANCIAL LIABILITIES</b>		
Unclaimed dividends (Refer Note below)	56.73	50.51
Unclaimed matured deposits and Interest accrued thereon	349.05	598.66
Unclaimed matured Sub-Ordinated Debts and Interest accrued thereon	49.32	252.79
Unclaimed matured debentures and Interest accrued thereon	182.35	100.73
Unclaimed Redeemable Cumulative Preference Shares	181.00	3.00
Advances from Customers	449.10	254.64
Security Deposits	73.21	11.41
Lease Liabilities (Refer Note 46)	331.61	443.17
Other Payables	-	-
<b>Total</b>	<b>1,672.37</b>	<b>1,720.71</b>
Note : Equity Dividend pertaining to the financial year 2021 and 2017 for an amount of ₹ 500 have not been remitted into Investor Education and Protection Fund, due to pending legal proceedings.		
<b>18. PROVISIONS</b>		
<b>Provision for Employee Benefits</b>		
Provision for bonus	47.95	44.00
Provision for gratuity (net)	21.12	28.71
Provision for leave encashment	49.02	49.02
<b>Total</b>	<b>118.09</b>	<b>121.73</b>
<b>19. DEFERRED TAX LIABILITIES (net)</b>		
a. Application of Expected Credit Loss on Financial Assets	(793.33)	(663.41)
b. Employee benefit expenses	(29.72)	(50.64)
c. Right of Use Assets and Lease Liabilities	(7.35)	(6.27)
d. Application of EIR on Financial Liabilities	96.20	99.72
e. Differences in carrying amount of Property, Plant and Equipment	773.68	816.81
<b>Total</b>	<b>39.48</b>	<b>215.71</b>
<b>20. OTHER NON-FINANCIAL LIABILITIES</b>		
Tax Deducted at source	68.47	91.89
<b>Total</b>	<b>68.47</b>	<b>91.89</b>
<b>21. SHARE CAPITAL</b>		
<b>Authorised Share Capital</b>		
10,00,00,000 Equity shares of ₹ 10 each (FY 2020 : 10,00,00,000, Equity Shares of ₹ 10 each)	10,000.00	10,000.00
30,00,00,000 Redeemable Cumulative Preference Shares of ₹ 100 each	3,000.00	3,000.00
	<b>13,000.00</b>	<b>13,000.00</b>
<b>Issued, Subscribed and Paid up Share capital</b>		
6,47,05,882 Equity shares of ₹ 10 each fully paid up (FY 2020 : 6,47,05,882 : Equity Shares of ₹ 10 each)	6,470.59	6,470.59
	<b>6,470.59</b>	<b>6,470.59</b>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

a) Reconciliation of shares outstanding at the beginning and end of the year

(₹ Lakhs)

Particulars	As at 31st March 2021		As at 31st March 2020	
	No. of Shares	Amount	No. of Shares	Amount
<b>Equity Shares with Voting Rights</b>				
Number of Shares at the beginning of the year	6,47,05,882	6,470.59	5,00,00,000	5,000.00
Add: Allocation of equity Shares on preferential basis made during the year	-	-	1,47,05,882	1,470.59
Number of Equity Shares at the end of the year	6,47,05,882	6,470.59	6,47,05,882	6,470.59

b) Details of shareholders holding more than 5% shares in the share capital of the company

Particulars	As at 31st March 2021		As at 31st March 2020	
	% of Holding	No. of Shares	% of Holding	No. of Shares
<b>Equity Shares with Voting Rights</b>				
1. Sakthi Finance Financial Services Limited	19.19	1,24,20,000	19.19	1,24,20,000
2. ABT Investments (India) Private Limited	13.49	87,27,400	13.49	87,27,400
3. Sakshi Financial Services (Cochin) Private Limited	11.06	71,57,128	11.06	71,57,128
4. Avdhoot Finance and Investment Private Limited	8.69	56,24,208	8.69	56,24,208
5. Sakshi Management Services (Coimbatore) Limited	7.09	45,85,434	7.09	45,85,434
6. Bridgewater Investment Corporation Limited	6.88	44,50,000	6.88	44,50,000
7. The Gounder and Company Auto Limited	6.07	39,25,000	6.07	39,25,000
8. ABT Finance Limited	5.15	33,31,162	5.15	33,31,162

c) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend is subject to the approval of the shareholders at the ensuing annual general meeting. The Board of Directors have, at their meeting held on 30th June 2021, recommended a dividend of 6 percent, ₹ 0.60 per share (Dividend for 31st March 2020 : ₹ 0.60 per share) on equity shares. The Company declares and pays dividend in Indian rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Particulars	Details of Dividends proposed	
	31st March 2021	31st March 2020
Face Value per share (₹)	10.00	10.00
Dividend Percentage	6%	6%
Dividend per Share (₹)	0.60	0.60
Dividend on equity shares	388.24	388.24
Total Dividend	388.24	388.24

Note: The dividends proposed for the financial year 31st March 2021 shall be paid to share holders on approval of the members of the company at the ensuing Annual General Meeting.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

Particulars	(₹ lakhs)	
	As at 31st March 2021	As at 31st March 2020
<b>22. OTHER EQUITY</b>		
<b>Reserves and Surplus</b>		
<b>Statutory Reserve as per Section 45-IC of the RBI Act 1934</b>		
Opening Balance	3,167.51	2,943.92
Add : Transfer from Retained Earnings	<u>185.16</u>	<u>223.59</u>
Closing balance	<u>3,352.67</u>	<u>3,167.51</u>
<b>Capital Reserve</b>		
Balance as at the Opening and Closing of the year	<u>52.61</u>	<u>52.61</u>
<b>Securities Premium</b>		
Opening Balance	1,430.92	801.07
Add : Securities Premium on preferential Issue of Equity Shares	-	1,029.41
Less : Preferential Issue of Equity Shares / NCD Public issue expenses	<u>1.12</u>	<u>399.56</u>
Closing Balance	<u>1,429.80</u>	<u>1,430.92</u>
<b>General Reserve</b>		
Opening Balance	4,436.00	1,172.25
Add : Transfer from Debenture Redemption Reserve	-	3,263.75
Closing Balance	<u>4,436.00</u>	<u>4,436.00</u>
<b>Debenture Redemption Reserve</b>		
Opening Balance	-	3,263.75
Less : Transfer to General Reserve	-	3,263.75
Closing Balance	<u>-</u>	<u>-</u>
<b>Retained Earnings</b>		
Opening Balance	3,126.52	2,834.95
Add : Profit after tax for the year	<u>925.79</u>	<u>1,117.94</u>
	<u>4,052.31</u>	<u>3,952.89</u>
<b>Less: Appropriations</b>		
Equity Dividend (₹ 0.60 per share) paid	388.24	500.00
Tax on Dividend Equity Shares	-	102.78
Transfer to Statutory Reserve	<u>185.16</u>	<u>223.59</u>
Closing Surplus	<u>3,478.91</u>	<u>3,126.52</u>
<b>Item of Other Comprehensive Income ("OCI")</b>		
<b>(i) Fair value changes in Equity Instruments</b>		
Opening Balance	(48.92)	(26.54)
Add : Income/(Expenses) for the year	11.94	(22.38)
Closing Balance	<u>(36.98)</u>	<u>(48.92)</u>
<b>(ii) Actuarial changes in Defined benefit obligations</b>		
Opening Balance	12.30	(4.54)
Add : Income/(Expense) for the year	1.63	16.87
Closing Balance	<u>13.93</u>	<u>12.30</u>
Closing Balance (i) + (ii)	<u>(23.05)</u>	<u>(36.62)</u>
<b>Total</b>	<u>12,726.94</u>	<u>12,176.94</u>

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

### Nature and purpose of reserves

**Capital reserve:** Capital reserve is the excess amount received on re-issue of forfeited equity shares in an earlier year.

**Securities Premium :** The amount received in excess of face value of the equity shares is recognised in Securities premium. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act 2013. Debenture issue expenses were written off against Securities Premium till the Public Issue of Non-Convertible debentures - Issue II .

**General reserve:** General reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. General reserve can be utilised only in accordance with the specific requirements of Companies Act 2013.

### Debenture Redemption Reserve ("DRR"):

As per Ministry of Corporate Affairs ("MCA") notification dated 16 August 2019 through amendment in the Companies (Share Capital and Debentures) Rules, the requirement to create Debenture Redemption Reserve ("DRR") is no longer required for listed NBFCs registered with Reserve Bank of India under Section 45-IA of the RBI Act 1934, for the value of outstanding both public issue of debentures and privately placed debentures. Accordingly, the Company has not created any amount of DRR and transferred the carrying amount of DRR created up to financial year 2018-19 to retained earnings in the financial year ended 31st March, 2020.

**Statutory reserve:** Every year the Company transfers a sum of not less than twenty per cent of net profit of that year as disclosed in the statement of profit and loss to its Statutory Reserve as per Section 45-IC of the RB Act, 1934.

**Retained earnings:** Retained earnings are the profits that the Company has earned till date less any transfers to statutory reserve, debenture redemption reserve, general reserve, dividend distributions paid to shareholders and transfer from debenture redemption reserve.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

Particulars	(₹ Lacs)	
	For the Year ended 31st March 2021	For the Year ended 31st March 2020
<b>23. INTEREST INCOME</b>		
(On Financial Instruments measured at amortised cost)		
Income from Hire purchase operations	16,133.07	15,521.70
Interest from:		
- Loans	212.06	383.43
- Bank deposits	31.66	21.19
- Investments	221.17	232.40
<b>Total</b>	<b>16,597.96</b>	<b>16,158.72</b>
There is no income on Financial Instruments measured at FVTOCI		
<b>24. FEES AND COMMISSION</b>		
- Service Charges	246.06	387.66
- Stamp and documentation charges	67.17	102.23
<b>Total</b>	<b>313.23</b>	<b>489.89</b>
<b>25. SALE OF POWER FROM WINDMILLS</b>		
Income from Wind mill -Sale of Electricity	181.07	208.43
<b>Total</b>	<b>181.07</b>	<b>208.43</b>
<b>26. OTHER INCOME</b>		
- Miscellaneous income	0.87	0.40
<b>Total</b>	<b>0.87</b>	<b>0.40</b>
<b>27. FINANCE COSTS</b>		
(On Financial Liabilities measured at amortised cost)		
Interest Expense on:		
- Deposits	1,610.12	1,640.61
- Borrowings	2,506.24	2,304.29
- Debt Securities	2,941.86	3,140.72
- Sub-Ordinated Liabilities	3,208.85	2,863.75
Loose Liability	79.18	38.41
Bank Charges	119.69	121.62
<b>Total</b>	<b>10,415.94</b>	<b>10,109.40</b>
Note : Other than financial liabilities measured at amortised cost, there are no other financial liabilities measured at FVTPL		
<b>28. IMPAIRMENT ON FINANCIAL INSTRUMENTS</b>		
(On Financial Instruments measured at amortised cost)		
Loans	641.18	545.14
Trade Receivables	(13.69)	11.21
Investments	3.46	2.80
Bad Debts	166.76	170.29
<b>Total</b>	<b>787.71</b>	<b>729.44</b>
There is no impairment on Financial Instruments measured at FVTDCI		
<b>29. EMPLOYEE BENEFITS EXPENSES</b>		
Salaries and wages	2,386.58	2,315.55
Contributions to Provident and Other Funds	93.61	98.62
Staff Welfare Expenses	84.44	137.59
Gratuity	33.09	45.09
Leave Encashment	6.48	46.92
<b>Total</b>	<b>2,604.20</b>	<b>2,553.77</b>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

Particulars	[₹ Lakhs]	
	For the Year ended 31st March 2021	For the Year ended 31st March 2020
<b>30. DEPRECIATION AND AMORTIZATION</b>		
Depreciation on Property plant and Equipment	245.17	238.91
Depreciation on Investment property	4.60	4.60
Amortization - Intangibles	27.63	77.26
Amortization - Right of use assets	144.30	144.84
<b>Total</b>	<b>421.70</b>	<b>465.61</b>
<b>31. OTHER EXPENSES</b>		
Rent	60.39	59.89
Rates, Taxes and Licences	155.12	179.28
Stamping on documents	12.91	27.06
Communication	43.80	73.94
Insurance	13.22	14.04
Travelling and Conveyance	232.50	195.12
Printing and Stationery	37.58	48.96
Power and Fuel	26.42	40.07
Advertisements	12.30	15.92
<b>Auditor's Remuneration :</b>		
As Auditor:		
- Audit Fee	16.00	16.00
- Limited Review Fee	9.00	7.10
- Certification Fee	11.28	5.25
Reimbursement of Expenses	2.17	2.45
Legal and Professional Charges	248.49	203.91
<b>Repairs and Maintenance on:</b>		
- Buildings	62.25	78.52
- Machinery	84.81	52.19
- Information Technology	179.46	146.93
- Other Assets	22.64	34.70
Filing Fees	10.03	9.28
Directors' Sitting Fees	22.70	11.80
Corporate Social Responsibility Expenses (Refer Note 35)	37.58	12.19
Loss on Sale of Property, Plant and Equipment	0.22	1.50
Debenture Issue Expenses	117.02	-
Miscellaneous Expenses	38.70	72.76
<b>Total</b>	<b>1,458.59</b>	<b>1,509.71</b>
<b>32. CONTINGENT LIABILITIES</b>		
Claims against the Company not acknowledged as debt:		
a) Income Tax issues	9.83	9.83
b) Service Tax Issues	1,328.29	1,328.29
<p>The Company had deposited with Service Tax department an amount of ₹ 48.63 lakhs against the demand relating to payment of Convat credit under Protest. The Company had filed a writ petition before the Hon'ble High Court of Madras. The Hon'ble High Court of Madras had directed the Company on 9th November 2020 to proceed before the Customs Excise and Service Tax Appellate Tribunal (CESTAT). Accordingly, the Company has filed appeal before CESTAT, Chennai during the year.</p>		
<p>c) The pending litigations as at 31st March 2021 has been compiled and reviewed. The current position of litigations has been evaluated and effect thereof have been appropriately disclosed in the financial statements.</p>		
<b>33. EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF :</b>		
Annual Maintenance Charges - Information Technology	85.79	83.43

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

(₹ Lakhs)

Particulars	For the Year ended 31st March 2021	For the Year ended 31st March 2020
<b>34. REMITTANCE OF DIVIDEND IN FOREIGN CURRENCY</b>		
Year to which the dividend relates	2019-20	2018-19
No. of non-resident share holders	2	1
No. of shares on which dividend remittance was made	44,50,000	44,50,000
Amount remitted (₹ Lakhs)	21.15	44.50

**35. EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY**

The following is the information regarding projects/programmes undertaken and expenses incurred on CSR activities during the year ended 31st March 2021:

- Amount required to be spent by the company during the year: ₹ 37.54 Lakhs (FY 2019-20 : ₹ 38.53 Lakhs)
- Amount spent during the year and (by way of contribution to the trusts and the projects undertaken)

Particulars	31.03.2021	31.03.2020
a. Construction / acquisition of any asset	-	-
b. On purposes other than (a) above:	37.58	12.19
<b>Total</b>	<b>37.58</b>	<b>12.19</b>

Refer Note 47 on disclosure pursuant to Ind AS 24 - Related Party Disclosures for contributions to related party.

Shortfall at the end of year: Nil (FY 2019-20: ₹ 26.34 Lakhs)

Reason for shortfall: - Not applicable

**36. CAPITAL MANAGEMENT**

The company determines the amount of capital required on the basis of factors like funding structure, capital adequacy ratio and leveraging ratios. The capital adequacy ratio workings are given below. The capital structure is also monitored on the basis of Capital Adequacy Ratio.

The Company has complied with all regulatory requirements related to capital and capital adequacy ratios as prescribed by RBI.

Particulars	As at 31.03.2021	As at 31.03.2020
Tier - I Capital	15,702.21	15,377.08
Tier - II Capital	11,395.40	10,768.57
<b>Total Capital</b>	<b>27,097.61</b>	<b>26,145.65</b>
Aggregate of Risk Weighted Assets	1,20,332.70	1,19,197.86
Tier-I Capital adequacy ratio	13.05	12.88
<b>Total Capital adequacy ratio</b>	<b>22.52</b>	<b>21.91</b>

"Tier I Capital" means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund.

"Owned fund" means paid up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

"Tier II Capital" includes the following:

- preference shares other than those which are compulsorily convertible into equity;
- revaluation reserves at discounted rate of fifty five per cent;
- General provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth per cent of risk weighted assets;
- hybrid debt capital instruments; and
- Sub-Ordinated debt to the extent the aggregate does not exceed Tier I capital.

**Aggregate of Risk Weighted Assets:**

Under RBI Guidelines, degrees of credit risk, expressed as percentage weightings have been assigned to various on-balance sheet assets and off-balance sheet assets. Hence, the value of each of the on-balance sheet assets and off-balance sheet assets requires to be multiplied by the relevant risk weights to arrive at risk-adjusted value of assets. The aggregate shall be taken into account for reckoning the minimum capital ratio.

### 37. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below show the maturity analysis of assets and liabilities according to when they are expected to be recovered or settled.

(R Lakhs)

PARTICULARS	As at 31st March 2021		As at 31st March 2020		Total
	Less than 12 months	More than 12 months	Less than 12 months	More than 12 months	
<b>ASSETS</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	1,364.11	-	1,364.11	-	1,112.79
Bank Balances other than Cash and Cash eq. Valents	375.79	-	375.79	-	469.39
Receivables					
(i) Trade Receivables	182.41	-	182.41	-	237.36
(ii) Other Receivables	3.52	-	3.52	-	8.69
Other Long Term Liabilities					
Long-Term Provisions					
Loans	48,784.87	66,368.86	1,09,353.73	54,016.77	1,07,046.18
Investments	206.52	2,467.74	2,660.28	-	2,659.80
Other Financial Assets	973.64	856.79	1,830.43	2,103.38	2,163.38
<b>Non-Financial Assets</b>					
Current tax Assets (net)	-	-	-	36.80	36.80
Deferred tax Assets (net)	-	-	-	-	-
Investment Property	-	279.81	279.81	-	284.41
Property, Plant and Equipment	-	6,122.29	6,122.29	-	6,316.65
Right of use assets	-	1,070.50	1,070.50	-	1,211.97
Intangible Assets Under Development	-	86.27	86.27	-	15.07
Other Intangible Assets	-	102.57	102.57	-	114.95
Other Non-Financial Assets	603.73	-	603.73	323.79	323.78
<b>Total Assets</b>	<b>52,488.61</b>	<b>71,557.83</b>	<b>1,24,043.44</b>	<b>56,782.53</b>	<b>1,22,001.22</b>



**NOTES TO THE ACCOUNTS (Contd.....)**

PARTICULARS	As at 31st March 2021		As at 31st March 2020		Total	Less than 12 months	More than 12 months	Total
	Less than 12 months	More than 12 months	Less than 12 months	More than 12 months				
<b>LIABILITIES AND EQUITY</b>								
Liabilities								
Financial Liabilities								
Payables								
(i) Trade Payables	3.26	-	3.26	-	3.26	3.26	-	6.87
(ii) Total outstanding dues of micro enterprises and small enterprises	140.62	-	140.62	-	140.62	140.62	-	160.76
(iii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-	-
(iv) Other Payables	-	-	-	-	-	-	-	-
(v) Total outstanding dues of micro enterprises and small enterprises	151.48	-	151.48	-	151.48	151.48	-	161.99
(vi) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-	-
Debt Securities	7,229.05	2,170.64	28,929.69	2,433.53	31,363.32	27,127.99	4,235.33	31,363.32
Borrowings (Other than debt securities)	1,197.75	3,067.91	23,059.16	4,579.48	27,688.72	27,688.72	4,579.48	21,218.20
Deposits	8,793.54	8,385.87	17,086.35	9,051.07	26,137.42	26,137.42	9,051.07	19,046.38
Subordinated Liabilities	324.61	33,005.04	33,329.65	967.45	34,297.10	34,297.10	28,248.68	29,216.43
Other Financial Liabilities	1,267.35	404.82	1,672.17	1,388.74	3,060.91	3,060.91	311.97	1,720.74
Non-Financial Liabilities								
Current tax liabilities (net)	47.29	-	47.29	-	47.29	-	-	-
Provisions	69.07	45.02	118.09	72.71	190.80	72.71	49.07	121.73
Deferred tax liabilities (net)	-	39.48	39.48	-	39.48	-	225.77	215.74
Other Non-Financial Liabilities	68.47	-	68.47	-	68.47	68.47	-	91.89
Equity								
Equity Share Capital	-	6,470.59	6,470.59	-	6,470.59	-	6,470.59	6,470.59
Other Equity	56,173.19	12,776.94	68,950.13	12,172.07	81,122.20	68,950.13	12,172.07	81,122.20
<b>Total Liabilities and Equity</b>	<b>56,173.19</b>	<b>62,670.25</b>	<b>1,24,043.44</b>	<b>26,644.14</b>	<b>1,24,043.44</b>	<b>26,644.14</b>	<b>75,377.08</b>	<b>1,22,001.22</b>

₹ Lakhs

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

**38. DISCLOSURE PURSUANT TO IND AS "7" - Change in Liabilities arising from Financing Activities**

(₹ Lacs)

Particulars	31st March 2020	Cash Flows	Others	31st March 2021
Debt Securities	51,455.57	(2,584.97)	61.34	28,929.69
Deposits	19,046.58	(2,036.10)	76.07	17,086.55
Borrowings Other than Debt securities	21,218.20	1,729.81	111.15	23,059.16
Sub-Ordinated Liabilities	29,216.14	3,056.08	1,257.44	33,529.66
Lease Liability	443.17	(152.62)	41.06	331.61
<b>Total</b>	<b>1,01,377.20</b>	<b>12.20</b>	<b>1,547.06</b>	<b>1,02,936.46</b>

**39. DISCLOSURE PURSUANT TO IND AS "12" INCOME TAX**

**a. Explanation of Relationship between Tax Expense and Accounting Profit**

Sl No	Particulars	FY 2020-21	FY 2019-20
1	Profit before Tax	1,257.44	1,402.03
2	Applicable Income Tax Rate	25.17%	25.17%
3	Expected Income Tax Expense	316.48	352.61
4	Tax effect of adjustments to reconcile expected income tax expense at tax rate to reported income tax expense:		
	Effect of expenses / provisions not deductible in determining taxable profit	471.85	380.17
	Effect of expenses / provisions deductible in determining taxable profit	(480.90)	(440.69)
	Effect of tax incentives and concessions	-	-
	Effect of differential tax rate	-	-
	Effect of interest on tax	24.22	-
	Tax Effect of Adjustments	0.00	(60.52)
5	Tax Expense/(Income)	331.65	281.09

**b. Deferred Tax Asset/(Liabilities) - Major Components**

Sl No	Particulars	Balance as at 31st March 2020	Tax Expense/ (Income) charged in P&L	Tax Expense/ (Income) charged in OCI	Balance as at 31st March 2021
		(A)	(B)	(C)	D = (A) - (B+C)
1	Application of Expected Credit Loss on Financial Assets	663.42	(129.92)	-	793.33
2	Employee benefit expenses	30.64	0.37	0.55	29.72
3	Right of Use Assets and Lease Liabilities	6.27	(1.08)	-	7.35
4	Application of EIR On Financial Liabilities	(90.21)	(3.02)	-	(96.20)
5	Differences in carrying amount of Property, Plant and Equipment	(816.81)	(43.13)	-	(773.68)
	<b>Deferred Tax Asset / (Liabilities)</b>	<b>(215.71)</b>	<b>(176.78)</b>	<b>0.55</b>	<b>(39.48)</b>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

**c. Tax Items in Statement of Profit and Loss**

(₹ Lakhs)

Sl No	Particulars	31st March 2021	31st March 2020
1	Current Tax Expense/(Income)	508.42	449.61
2	Deferred Tax Expense/(Income)		
	Amount of deferred tax expense/(income) relating to originating and reversal of temporary difference	[176.77]	[166.52]
	Amount of deferred tax expense/(income) relating to change in tax rates or the imposition of new taxes	-	-
	Income Tax Expense / (Income) recognised in statement of profit and loss	331.65	283.09

**d. Tax Items recognised in Other Comprehensive Income**

Sl No	Particulars	31st March 2021	31st March 2020
1	Tax Expense		
	- Current Tax Expense	-	-
	- Deferred Tax Expense	0.55	5.98
	Income Tax Expense/(Income) recognised in Other Comprehensive Income	0.55	5.98

e. There is no tax expense charged directly to other equity.

**f. Tax U/s 115BAA of Income Tax Act**

Pursuant to the Taxation Laws (Amendment) Ordinance 2019, Finance (No. 2) Act, 2019, the Company had exercised the option permitted under Section 115BAA of the Income Tax Act, 1961 to compute Income Tax at an effective rate (i.e. 25.17%) from the financial year 2019 - 20.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

**40. DISCLOSURE REQUIREMENTS UNDER IND AS 19 ("Employee Benefits")**

**a. Defined benefit obligation - Gratuity**

The Gratuity scheme is a defined benefit plan that provides for a lumpsum payment upon death while in employment or at the time of separation. Based on rules of the scheme, the benefits are calculated on the basis of last drawn salary and the period of service rendered and paid as lumpsum. There is a vesting period of 5 years. The plan involves the following risks that affect the liabilities and cash flows.

**1. Interest rates risk:**

The defined benefit obligation calculated using a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

**2. Salary inflation risk:**

Higher than expected increases in salary will increase the defined benefit obligation.

**3. Demographic risks:**

This is the risk of variability of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of this decrement on the DBO depend upon the combination of salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of short service employees will be less compared to long service employees.

**4. Actuarial Risk:**

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

**Adverse Salary Growth Experience:** Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

**Variability in mortality rates:** If actual mortality rates are higher than assumed mortality rate assumption, then the Gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

**Variability in withdrawal rates:** If actual withdrawal rates are higher than assumed withdrawal rate assumption then the Gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

**5. Investment Risk:**

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

(₹ Lakhs)

Sl No	Particulars	As at 31st March 2021	As at 31st March 2020
1	<b>Present Value of Defined Benefit Obligation</b>		
	Defined benefit obligation at the beginning of the period	197.87	257.25
	(i) Current service cost	21.70	20.79
	(ii) Post Service Cost	-	-
	(iii) Interest cost	11.53	12.19
	(iv) Re-measurement Loss/(gain) due to:	-	-
	(i) Changes in financial assumptions	(2.01)	10.56
	(ii) Changes in demographic assumptions	(0.13)	(0.40)
	(iii) Experience on defined benefit obligation	(6.89)	(1.33)
	(v) Benefits paid	(23.20)	(101.19)
	Defined benefit obligation as at the end of the period	198.87	197.87

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

(₹ Lakhs)

Sl No	Particulars	As at 31st March 2021	As at 31st March 2020
<b>II</b>	<b>Fair Value of Plan Assets</b>		
	Fair Value of Plan Assets at the beginning of the period	169.16	218.97
	(i) Benefits Paid	(23.20)	(101.19)
	(ii) Employer Contribution	28.02	9.52
	(iii) Expected Interest Income on Plan Assets	10.62	10.71
	(iv) Actuarial (Loss)/Gain from Return on plan Assets	(6.84)	31.65
	Fair Value of Plan Assets as at the end of the period	177.76	169.16
	<b>Net (Asset)/Liability Recognised in Balance Sheet (I-II)</b>	<b>21.11</b>	<b>28.71</b>
<b>III</b>	<b>Cost of Defined Benefit Plan for the Year</b>		
	(i) Current service cost	21.70	20.79
	(ii) Past Service Cost	-	-
	(iii) Interest Cost	11.53	12.29
	(iv) Expected Interest Income on Plan Assets	(10.62)	(10.21)
	<b>Net Cost recognized in the Statement of Profit and Loss</b>	<b>22.61</b>	<b>22.77</b>
<b>IV</b>	<b>Re-measurement (loss)/gain due to :</b>		
	(a) Changes in financial assumptions	(2.01)	(10.56)
	(b) Changes in demographic assumptions	(0.13)	0.40
	(c) Experience on defined benefit obligation	(6.89)	1.35
	Actuarial (Loss)/Gain from Return on plan assets	6.84	31.65
	<b>Net cost recognized in Other Comprehensive Income</b>	<b>(2.19)</b>	<b>22.82</b>
<b>V</b>	<b>Significant Actuarial Assumptions</b>		
	(i) Discount Rate	6%	6%
	(ii) Expected Return on Plan Assets	6%	6%
	(iii) Salary Escalation Rate	4%	4%
	(iv) Attrition Rate	19%	22%
<b>VI</b>	<b>Sensitivity Analysis for significant actuarial assumption</b>		
	(i) Discount Rate		
	+ 100 Basis Rate	(3.48%)	(6.30%)
	- 100 Basis Rate	3.81%	6.91%
	(ii) Salary Growth		
	+ 100 Basis Rate	3.66%	6.67%
	- 100 Basis Rate	(3.40%)	(6.27%)
	(iii) Attrition Rate		
	+ 100 Basis Rate	0.00%	(0.11%)
	- 100 Basis Rate	(0.02%)	0.09%

**b. Other Long Term Benefits - Leave Encashment**

The leave encashment is long term benefit plan, that provides for a lumpsum payment upon death of employee or at the time of separation. Based on scheme rules the benefits are calculated on the basis of last drawn salary and the leave count and paid as lumpsum.

The benefit involves the following risks, that affect the liabilities and cash flows.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

**1. Interest rates risk:**

The defined benefit obligation calculated using a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

**2. Salary Inflation risk:**

Higher than expected increases in salary will increase the defined benefit obligation.

**3. Demographic risks:**

This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of this decrement on the DBO depend upon the combination of salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate particularly the cost of retirement benefit of a short service employees will be less compared to long service employees.

(₹ Lakhs)

Sl No	Particulars	As at 31st March 2021	As at 31st March 2020
<b>I</b>	<b>Present Value of Defined Benefit Obligation</b>		
	Defined benefit obligation at the beginning of the period	49.02	45.45
	(i) Current service cost	8.91	8.35
	(ii) Interest cost	2.83	2.94
	(iii) Re-measurement loss/(gain) due to:	-	-
	(a) Changes in financial assumptions	0.01	2.75
	(b) Changes in demographic assumptions	(0.38)	
	(c) Experience on defined benefit obligation	(12.84)	23.88
	(v) Benefits paid	(6.20)	(33.35)
	<b>Closing defined benefit obligation</b>	<b>41.35</b>	<b>49.02</b>
<b>II</b>	<b>Cost of Defined Benefit Plan for the Year</b>		
	(i) Current service cost	8.91	8.35
	(ii) Interest cost	(10.38)	1.94
	<b>Net Cost recognized in the Statement of Profit and Loss</b>	<b>(1.47)</b>	<b>10.29</b>
<b>III</b>	<b>Significant Actuarial Assumptions</b>		
	(i) Discount Rate	6%	7%
	(ii) Expected Return on Plan Assets	-	-
	(iii) Salary Escalation Rate	4%	4%
	(iv) Attrition Rate	19%	19%
<b>IV</b>	<b>Sensitivity Analysis for significant actuarial assumption</b>		
	(i) Discount Rate		
	+ 100 Basis Rate	(3.73%)	(1.95%)
	- 100 Basis Rate	4.10%	2.14%
	(ii) Salary Growth		
	+ 100 Basis Rate	3.65%	1.91%
	- 100 Basis Rate	(3.31%)	(1.77%)
	(i) Discount Rate		
	+ 100 Basis Rate	(0.05%)	0.05%
	- 100 Basis Rate	(0.08%)	(0.07%)

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

**41. Disclosure pursuant to Ind AS "24" - Related Party Disclosure**

Relationships

A	Enterprises in which the Key Management Personnel and their relatives can exercise significant influence	ABT LLC. ABT Finance Ltd. ABT Foundation Ltd. ABT Industries Ltd. ARC Recreating Co. Pvt. Ltd. N Manalingam & Co Nachimuthu Industrial Association Ramonandha Adigalar Foundation Sakthifinance Financial Services Ltd. Sakthifinance Holdings Ltd. Sakthi Realty Holdings Ltd. Sakthi Sugars Ltd. Sakthi Auto Components Ltd Sakthi Properties (Coimbatore) Ltd Sri Chamundeswari Sugars Ltd. Sri Sakthi Textiles Ltd. Sakthi Pelican Insurance Broking Private Ltd. The Con. Lender and Company Auto Ltd Sakthi Foundation Suddha Sanmarga Nilayam
B	Key Management Personnel	Dr M Manickam, Chairman Sri M. Balasubramaniam, Vice Chairman and Managing Director Sri M Srinivasan, Director Dr A Selvakumar Independent Director Sri P S Gopalakrishnan, Independent Director Smt Priya Bhansali, Independent Director Sri K P Ramakrishnan, Independent Director Dr S Veluswamy, Director (Finance & Operations) Sri S Venkatesh, Company Secretary
C	Relatives of Key Management Personnel	Smt Vinodhini Balasubramaniam, wife of Sri M Balasubramaniam Smt Suryuktha Vanavarayar, daughter of Sri M Balasubramaniam Ms Shruthi Balasubramaniam, daughter of Sri M Balasubramaniam Mr Anrich Vishnu Balasubramaniam, son of Sri M Balasubramaniam Sri M. Harihara Sudhan, son of Dr M Manickam Smt Bhavani Gopal, wife of Sri P S Gopalakrishnan Smt Lalitha Ramakrishnan, wife of Sri K P Ramakrishnan Smt Anusha Bhansali, daughter of Smt Priya Bhansali

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

Transactions / Material Transactions with Related Parties made during the year

(₹ Lakhs)

Sl No	Nature of Transactions	Related parties where significant influence is exercised where controls exist	Key Management Personnel	Relatives of Key Management Personnel	For the year ended 31st March 2021	For the year ended 31st March 2020
<b>1</b>	<b>Income</b>					
	Rent received					
	Sakthifinance Financial Services Ltd	3.52	-	-	3.52	3.52
	<b>Income from HP Operations</b>					
	Sakthi Foundation	21.76	-	-	21.76	5.39
	Suddha Sanmarga Nilayam	3.19	-	-	3.19	4.53
	<b>Interest Income</b>					
	ABT Industries Ltd.	78.65	-	-	78.65	9.72
<b>2</b>	<b>Expenses</b>					
	<b>Purchase of fuel</b>					
	V.Mohalingam & Co	7.47	-	-	7.47	11.56
	<b>Rent paid</b>					
	M.Balasubramaniam	-	-	-	-	1.20
	Smt.Vinodhini Balasubramaniam	-	-	2.40	2.40	1.20
	M. Srinivasan	-	63.72	-	63.72	56.64
	ARC Recreating Company Pvt Ltd	2.01	-	-	2.01	1.94
	<b>Resource Mobilisation Charges</b>					
	Sakthifinance Financial Services Ltd.	153.53	-	-	153.53	225.70
	<b>Printing charges</b>					
	Nachimuthu Industrial Association	15.45	-	-	15.45	22.19
	Sakthi Sugars Ltd. (Om Sakthi)	3.60	-	-	3.60	2.72
	<b>CSR Expenses</b>					
	Ramanandha Adigalar Foundation	0.40	-	-	0.40	-
	<b>Deputation charges</b>					
	Sakthifinance Financial Services Ltd.	-	-	-	-	50.43
	<b>Remuneration</b>					
	M.Balasubramaniam	-	41.40	-	41.40	49.79
	S.Veluswamy	-	29.47	-	29.47	33.66
	M.K.Vijayaraghavan	-	-	-	-	4.99
	S.Venkatesh	-	15.45	-	15.45	16.94
	<b>Perquisites</b>					
	M.Balasubramaniam	-	-	-	-	3.90
	S.Veluswamy	-	1.76	-	1.76	0.34
	<b>Employee Benefits</b>					
	M.Balasubramaniam	-	5.87	-	5.87	6.05
	S.Veluswamy	-	2.28	-	2.28	7.35
	S.Venkatesh	-	1.14	-	1.14	1.16



**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

(₹ Lakhs)

Sl No	Nature of Transactions	Related parties where significant influence is exercised where controls exist	Key Management Personnel	Relatives of Key Management Personnel	For the year ended 31st March 2021	For the year ended 31st March 2020
	<b>Commission *</b> M.Balasubramaniam		56.73		56.73	49.41
	<b>Sitting Fees</b> Non Executive Directors					
	M.Manickam	-	1.90	-	1.90	1.20
	M.Srinivaasan	-	2.40	-	2.40	1.00
	<b>Independent Directors</b>					
	A Selvakumar		6.00	-	6.00	3.20
	P S Gopalakrishnan	-	3.30	-	3.30	1.60
	Priya Bhansali	-	4.10	-	4.10	2.00
	K P Ramakrishnan	-	5.00	-	5.00	2.80
	* Subject to the approval of shareholders at the ensuing Annual General Meeting					
<b>3</b>	<b>Assets</b>					
	<b>Loans and advances given</b>					
	S.Venkaatesh		15.00	-	15.00	
	<b>Loans and advances repaid</b>					
	ABT Industries Ltd	(499.00)	-		(499.00)	(400.00)
	S.Venkatesh		(0.83)		(0.83)	-
	<b>Outstanding as at the year end</b>					
	<b>Loans and advances</b>					
	Sakthi Foundation	121.18	-	-	121.18	119.39
	Suddha Sarmaaga Nilayam	18.96	-	-	18.96	25.07
	Sakthifinance Financial Services Ltd	29.26	-	-	29.26	-
	Sakthi Reality Holdings Ltd	0.01	-	-	0.01	0.49
	Sakthi Auto Motors Ltd	5.40	-	-	5.40	5.40
	Sakthi Pelican Insurance Broking Private Ltd	10.83	-	-	10.83	10.83
	ABT industries Ltd	-	-	-	-	5.40
	S.Venkatesh		14.17		14.17	-
<b>4</b>	<b>Liabilities</b>					
	Transactions during the year					
	<b>Investment in NCDs:</b>					
	ABT Finance Ltd	400.00	-	-	400.00	-
	Sakthifinance Financial Services Ltd.	700.00	-	-	700.00	-
	<b>Outstanding as at the year end</b>					
	<b>Investment in NCDs:</b>					
	ABT Finance Ltd	12.46	-	-	12.46	-
	Sakthifinance Financial Services Ltd.	4.75	-	-	4.75	-

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

Sl No	Nature of Transactions	Related parties where significant influence is exercised where controls exist	Key Management Personnel	Relatives of Key Management Personnel	For the year ended 31st March 2021	For the year ended 31st March 2020
	Sri S Gopalakrishnan	-	10.00	-	10.00	-
	Smt Vinodhini Balasubramaniam	-	-	80.00	80.00	70.00
	Smt Sanyuktha Manavaraayar	-	-	75.00	75.00	75.00
	Ms. Shruithi Balasubramaniam	-	-	68.00	68.00	63.00
	Bhavani Gopal	-	-	-	-	50.00
	Smt Lalitha Ramakrishnan	-	-	30.00	30.00	24.00
	Sri Hariharasudhan Manickam	-	-	2.00	2.00	2.00
	Smt Anusha Bhonsali	-	-	10.00	10.00	-
	<b>Investment in Deposits:</b>					
	Bhavani Gopal	-	-	-	-	20.00
	Amrith Vishnu Balasubramaniam	-	-	-	-	8.83
	M. Hariharasudhan	-	-	7.74	7.74	6.64
	<b>Investment in SD Bonds:</b>					
	Smt. Vinodhini Balasubramaniam	-	-	10.00	10.00	10.00
	Ms. Shruithi Balasubramaniam	-	-	10.00	10.00	10.00
	<b>Liabilities for Expenses Payable:</b>					
	ASTHU	3.79	-	-	3.79	3.79
	ABT Industries Ltd	7.97	-	-	7.97	-
	ARC Retreading Company Pvt Ltd	0.19	-	-	0.19	0.16
	Kachimulthi Industrial Association	3.26	-	-	3.26	6.87
	K. Mahalingam and Co	0.98	-	-	0.98	-
	Sakti Sugars Ltd.	0.66	-	-	0.66	0.21
	M. Srinivaasan	-	2.89	-	2.89	7.37

**42. Disclosure pursuant to Ind AS 33 - Earnings Per Share**

Basic EPS is calculated by dividing the profit for the year attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding.

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
a) Weighted average number of Equity shares of ₹ 10 each		
(i) Number of shares at the beginning of the year	6,47,05,882	5,00,00,000
(ii) Number of shares at the end of the year	6,47,05,882	6,47,05,882
(b) Weighted average number of shares (nos)	6,47,05,882	5,07,63,420
(c) Net Profit after tax available for equity shareholders (₹ lakhs)	939.37	1,112.40
Basic and diluted earnings per share (₹)	1.45	2.19

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

### 43. FINANCIAL RISK MANAGEMENT FRAMEWORK

The company is engaged in finance business and like any other NBFC is exposed to risks such as credit risk, liquidity risk, market risk, operational risks etc. The company follows pro-active risk management practices to mitigate these risks. The risk management policies are periodically reviewed by the Risk Management Committee and Audit Committee.

#### Credit Risk

Credit risk is the risk that arises when the borrowers of the company are unable to meet the financial obligations.

The Company has a comprehensive and well-defined credit policy, which encompasses a credit approval process for all businesses along with guidelines for mitigating the risks associated with them. The appraisal process includes a detailed risk assessment of the borrowers, physical verifications and field visits. The company has a robust post sanction monitoring process supervision and follow-up to identify portfolio trends and early warning signals. This enables the company to implement necessary changes to the credit policy, whenever the need arises. Also being in asset finance, the company's lending is secured by adequate collaterals from the borrowers.

Repayment by individual customers and portfolio is tracked regularly and required steps for recovery are taken through follow ups and legal recourse.

In assessing the impairment of financial loans under Expected Credit Loss ("ECL") Model, the assets have been segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial instrument. The difference in accounting between stages, relate to the recognition of expected credit losses and the measurement of interest income.

The Company categorises loan assets into stages primarily based on the Days Past Due Status.

Stage 1 : 0-30 days past due

Stage 2 : 31-90 days past due

Stage 3 : More than 90 days past due

#### Expected Credit Loss ("ECL")

As a result of adoption of Ind AS, the company has followed Ind AS 109 for the calculation of expected credit loss. The measurement of ECL involves three main components, viz, Exposure at Default (EAD), Probability of Default (PD) and Loss Given Default (LGD).

#### Definition of Default

If the borrower is past due for more than 90 days on any material credit obligation to the Company or the borrower is unlikely to pay his credit obligations to the Company in full, it is considered as default.

#### Probability of Default ("PD")

The Probability of Default is an estimate of the likelihood of an account getting into default over a given time horizon. The PD model reflects the probability of default, taking into consideration the residual tenor of each contract and it relies not only on historical information and the current economic environment, but also considers forward-looking information such as the forecasts on the macro-economic factors like GDP, Inflation rate etc.

#### Loss Given Default

The Loss Given Default is an estimate of the loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

#### Exposure at Default

Exposure at Default (EAD) is defined as the sum of principal outstanding and interest accrued at the reporting date.

#### Collateral Valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, wherever possible. The collateral comes in various forms, such as movable and immovable assets, guarantees, etc.

#### Write-offs

Financial assets are written off either partially or in their entirety only when the Company has no reasonable expectation of recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is recorded as an expense in the period of write-off. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

The following table provides an overview of the gross carrying amount of loan assets stage-wise :

Particulars	31st March 2021					31st March 2020				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		
Balance at the beginning of the year	88,735.09	16,319.59	4,903.03	1,10,037.71	73,498.26	1,199.70	4,851.47	79,149.43		
New business - net of recovery	49,386.44	1,458.82	-	50,845.26	35,339.50	6,577.34	122.41	63,039.25		
Transfer due to change in credit worthiness										
Stage 1	3,455.57	(3,414.03)	(41.52)	-	4,469.84	(2,488.08)	(117.76)	-		
Stage 2	(6,197.08)	6,303.02	(105.94)	-	(7,092.80)	7,128.88	(36.88)	-		
Stage 3	(1,203.51)	(1,007.37)	2,310.88	-	(848.81)	(970.33)	2,779.81	-		
Financial Assets that have been derecognised	(37,016.55)	(9,397.49)	(1,313.70)	(47,727.74)	(40,150.95)	(6,402.54)	(1,734.20)	(47,987.69)		
Write off during the year	(21.23)	(6.00)	(330.74)	(466.77)	(39.28)	(12.18)	(98.62)	(70.28)		
Balance at the end of the year	97,136.73	10,235.72	5,594.01	1,12,966.46	98,735.09	16,319.49	4,937.03	1,19,991.61		

The following table provides an overview of the Expected Credit Loss, stage-wise :

Particulars	31st March 2021					31st March 2020				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		
Balance at the beginning of the year	97.12	322.72	2,571.69	2,991.53	149.23	259.59	2,086.19	2,495.01		
New business - net of recovery	36.00	35.59	-	71.59	57.69	20.73	29.60	76.02		
Transfer due to change in credit worthiness										
Stage 1	12.14	(11.90)	(0.24)	-	7.90	(4.62)	(0.16)	-		
Stage 2	(179.60)	183.19	(3.39)	-	(209.64)	110.36	(0.72)	-		
Stage 3	(247.36)	(237.62)	484.98	-	(712.80)	(746.81)	606.61	-		
Financial Assets that have been derecognised	413.16	7.18	269.03	679.39	287.70	54.87	(67.29)	315.79		
Write off during the year	(0.56)	(7.24)	(406.98)	(414.78)	(0.16)	(5.41)	(67.23)	(83.80)		
Balance at the end of the year	50.72	296.92	3,205.09	3,632.73	97.17	322.73	4,913.56	2,597.53		

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

**Geographical break-up of portfolio - Net Stock on Hire**

(₹ Lakhs)

Particulars	FY 2021	FY 2020
Tamil Nadu & Puducherry	91,271	84,455
Kerala	15,579	18,176
Karnataka	2,787	3,084
Andhra	2,008	1,669
<b>Total</b>	<b>1,12,645</b>	<b>1,08,364</b>

**Portfolio composition - Net Stock on Hire**

Particulars	FY 2021	FY 2020
Commercial Vehicles	1,00,345	97,047
Cars & Jeeps	9,175	8,603
Construction Equipment	2,435	2,000
Machinery	689	649
Consumer Durables	3	65
<b>Total</b>	<b>1,12,645</b>	<b>1,08,364</b>

**Liquidity Risk**

Liquidity risk is the risk related to cash flows and the inability to meet the company's liabilities as and when they become due. It arises from the mismatches in the maturity pattern to cope with a decline in liabilities or increase in assets.

The Company monitors these risks through appropriate risk limits. Asset Liability Management Committee ("ALCO") reviews these risks and related trends and helps adopt various strategies related to assets and liabilities, in line with company's risk management framework.

The contracted cash flow arising out of the financial liabilities and financial assets as at 31st March 2021 is furnished hereunder:

Particulars	Up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
<b>Financial Liabilities</b>							
Deposits	1,387.46	3,401.85	5,816.16	8,328.95	-	-	17,435.40
Borrowings	5,377.82	3,759.64	18,062.21	33,921.95	25,618.91	-	85,750.17
Foreign Currency Assets	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-
<b>Total</b>	<b>6,765.28</b>	<b>6,662.67</b>	<b>21,878.37</b>	<b>42,250.90</b>	<b>25,628.35</b>	<b>-</b>	<b>1,03,185.57</b>
<b>Financial Assets</b>							
Cash and cash equivalents	714.34	-	-	-	-	-	714.34
Bank balances	937.29	-	101.20	-	-	-	1,038.39
Loans	12,837.84	12,406.18	23,540.95	54,996.22	5,098.34	474.30	1,09,353.73
Investments	-	-	200.54	1,073.17	673.44	781.13	2,668.28
Other financial assets	864.33	277.9	342.46	800.76	738.88	-	2,963.62
<b>Total</b>	<b>15,353.70</b>	<b>12,623.37</b>	<b>24,185.05</b>	<b>56,870.15</b>	<b>6,450.66</b>	<b>1,255.43</b>	<b>1,16,738.36</b>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

The contracted cash flow arising out of the financial liabilities and financial assets as at 31st March 2020 is furnished hereunder :  
(₹ Lakhs)

Particulars	Up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
<b>Financial Liabilities</b>							
Deposits	1,920.49	2,964.92	4,769.13	9,990.50	-	-	19,645.04
Borrowings	15,403.29	1,744.47	19,008.22	14,568.29	31,538.80	178.11	82,241.18
Foreign Currency Assets	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-
<b>Total</b>	<b>17,323.78</b>	<b>4,709.39</b>	<b>23,777.35</b>	<b>24,558.79</b>	<b>31,538.80</b>	<b>178.11</b>	<b>1,01,886.22</b>
<b>Financial Assets</b>							
Cash and cash equivalents	38.58	-	-	-	-	-	38.58
Bank balances	2,404.42	-	240.18	-	-	-	1,543.60
Loans	4,140.05	14,421.83	73,867.52	48,670.07	5,681.93	64.78	1,07,046.18
Investments	-	-	-	577.87	2,056.25	76.73	2,659.80
Other financial assets	1,002.32	291.54	380.72	976.40	-	-	2,650.98
<b>Total</b>	<b>16,484.37</b>	<b>14,713.37</b>	<b>24,488.42</b>	<b>50,369.29</b>	<b>7,740.18</b>	<b>143.51</b>	<b>1,13,939.14</b>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

**Market Risk**

Market Risk is the risk arising in financial instruments due to changes in market variables such as interest rates, liquidity etc. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximising the return.

**Interest Rate Risk**

Interest Rate Risk is the possibility of loss arising from changes in the value of financial instruments as result of changes in market variables such as interest rates and other asset prices. The company's exposure to market risk is a function of asset liability management activities. Except the borrowings from banks, the interest rates of which are linked to MCLR, other borrowings are fixed rate instruments. The Company has not availed any foreign currency borrowings. The major portion of lending is of fixed rates.

The interest rate profile of the interest bearing financial instruments is as follows

Particulars	(₹ Lakhs)	
	As at 31st March 2021	As at 31st March 2020
<b>Financial assets</b>		
Fixed rate instruments		
Loans	1,12,986.46	1,10,037.71
Investments	2,577.61	2,581.07
Bank Balances	318.96	413.00
Variable rate instruments	-	-
<b>Total</b>	<b>1,15,883.03</b>	<b>1,13,031.78</b>
<b>Financial Liabilities</b>		
Fixed rate instruments		
Debt securities	29,112.04	21,554.05
Borrowings (other than debt securities)	8,494.11	6,678.19
Deposits	17,435.40	19,645.04
Sub-Ordinated liabilities	31,736.72	27,838.82
Preference Shares	1,842.25	1,630.10
<b>Variable rate instruments</b>		
Bank Borrowings	14,565.05	14,540.01
<b>Total</b>	<b>1,03,185.57</b>	<b>1,01,886.21</b>

As the fixed rate instruments are carried at a amortised cost, their carrying amount will not vary because of changes in market interest rate.

A cash flow sensitivity analysis for variable rate instruments, indicating the possible change in Profit and Loss / equity for 1% change in interest rate is furnished hereunder:

Particulars	As at 31st March 2021		As at 31st March 2020	
	1 % increase in interest rate	1 % decrease in interest rate	1 % increase in interest rate	1 % decrease in interest rate
Variable rate instruments- Carrying amount	+83	(83)	+87	(82)

**Operational Risk**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems or from external events.

The operational risks of the company are managed through comprehensive internal control systems and procedures and key back up processes.

Further submission of exceptional reports for procedural lapses at the branches level, risk-based audits on a regular basis across all business units/functions and IT disaster recovery plans are put in place for evaluating key operational risks the processes of which are meant to adequately mitigate them on an on-going basis.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

**44. Disclosure pursuant to Ind AS "108" - Operating Segments**

The Company is primarily engaged in the business of asset financing. This, in the context of Ind AS 108 on "Operating Segments" notified by the Companies (Indian Accounting Standards) Rules 2016, is considered to constitute a single primary segment.

The Company operates in single segments only. There are no operations outside India and hence there is no external revenue or assets which require disclosure.

**45. Disclosure pursuant to Ind AS "113"**

**1. Financial Assets designated at Fair value through Other Comprehensive Income**

(₹ Lakhs)

Particulars	Fair Value Hierarchy	As at 31st March 2021	As at 31st March 2020
Investment in Equity Instruments	Level 1	52.30	40.36

**2. Financial assets and financial liabilities measured at amortised cost as at 31st March 2021**

Particulars	Carrying Amount	Fair Value		
		Level 1	Level 2	Level 3
<b>Financial Assets</b>				
Cash and Cash Equivalents	1,364.11	1,364.11	-	-
Bank Balances other than Cash and Cash Equivalents	475.79	375.79	-	-
Trade Receivables	185.93	-	235.09	-
Loans	1,09,353.73	-	-	1,09,353.73
Investments	2,615.98	2,776.55	38.37	-
Other Financial Assets	1,830.43	-	-	1,830.43
<b>Financial Liabilities</b>				
<b>Payables</b>				
(I) Trade Payables	143.88	-	143.88	-
(II) Other Payables	151.48	-	151.48	-
Debt Securities	28,929.60	17,157.22	11,772.47	-
Borrowings (Other than debt securities)	23,059.16	23,059.16	-	-
Deposits	17,086.35	-	-	17,086.35
Sub-Ordinated Liabilities	33,529.65	-	33,529.65	-
Other Financial Liabilities	1,672.57	-	1,672.57	-

**3. Financial assets and financial liabilities measured at amortised cost as at 31st March 2020**

Particulars	Carrying Amount	Fair Value		
		Level 1	Level 2	Level 3
<b>Financial Assets</b>				
Cash and Cash Equivalents	1,112.79	1,112.79	-	-
Bank Balances other than Cash and Cash Equivalents	469.39	469.39	-	-
Trade Receivables	246.05	-	318.91	-
Loans	1,07,046.18	-	-	1,07,046.18
Investments	2,619.24	2,741.96	38.37	-
Other Financial Assets	2,163.38	-	-	2,163.38



**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

(₹ Lakhs)

Particulars	Carrying Amount	Fair Value		
		Level 1	Level 2	Level 3
<b>Financial Liabilities</b>				
Payables				
(I) Trade Payables	167.63	-	167.63	-
(II) Other Payables	101.99	-	101.99	-
Debt Securities	51,453.52	20,926.77	10,526.55	-
Borrowings (Other than debt securities)	21,218.20	21,218.20	-	-
Deposits	19,046.38	-	-	19,046.38
Sub-Ordinanced Liabilities	29,216.13	-	29,216.13	-
Other Financial Liabilities	1,720.71	-	1,720.71	-

Note:

The Management assessed that cash and cash equivalents, bank balances other than cash and cash equivalents, receivables, other financial assets, payables, and other financial liabilities approximate their carrying amount largely due to short term maturities of these instruments.

There were no transfers between level 1 and level 2 for any asset or liabilities during the year.

**46. Disclosure Pursuant to Ind AS "116" Leases**

**In cases of leases where the Company is a lessee (Operating Lease)**

The Company's lease asset class primarily consists of land and buildings taken on lease for Corporate office and Branch office premises used for operating activities

Particulars	31st March 2021	31st March 2020
(a) Depreciation charge for Right-of-Use Assets	144.30	142.84
(b) interest expense on Lease Liabilities	29.18	38.41
(c) The expense relating to short-term leases	-	-
(d) The expense relating to leases of low-value assets	60.39	59.89
(e) Total cash outflow for leases	215.75	206.64
(f) Additions to right-of-use assets	-	53.19
(g) The carrying amount of right-of-use assets at the end of the reporting period	1,070.50	1,211.97

**Maturity Analysis**

	31st March 2021	31st March 2020
Less than 1 year	127.27	151.88
1-3 years	159.03	219.74
3-5 years	81.17	120.23
More than 5 years	51.53	82.26
Total future undiscounted cash outflow on lease liability	419.00	574.12

**In cases of leases where the Company is a lessor (Operating Lease)**

The Company has given four buildings on operating lease for commercial purposes and recognises the income as per the contractual terms of lease.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

**47. Disclosures under RBI Directions**

47.1 Schedule to the Balance Sheet of a Non-Banking Financial Company as required under Master Direction- Non-Banking Financial Company / Systemically Important Non-Deposit taking Company and Deposits-taking company (Reserve Bank) Directions 2016 (₹ Lakhs)

Sl No	Particulars	As at 31st March 2021	
		Amount outstanding	Amount Overdue #
(1)	<b>Liabilities Side:</b>		
	Loans and advances availed by the Non-Banking Financial Company inclusive of interest accrued thereon but not paid:		
	(a) Depositories : Secured	29,117.04	182.35
	: Unsecured (Other than falling within the meaning of Public Deposit)	-	-
	(b) Date Rec Credits	-	-
	(c) Term Loans	9,568.51	-
	(d) Inter-Corporate loans and borrowing	2,925.80	-
	(e) Commercial paper	-	-
	(f) Public Deposits	17,435.40	349.05
	(g) Subordinated Debts	34,736.72	49.32
(h) Other Loans - Cash Credits	14,565.05	-	
(2)	<b>Break-up of (f) and (g) above (Outstanding Public deposits inclusive of interest accrued thereon but not paid):</b>		
	(a) in the form of Unsecured Deposits	6,510.56	-
	(b) in the form of Fully secured Deposits i.e. deposits where there is a shortfall in the value of security	-	-
	(c) Other Public Deposits	17,435.40	349.05
	(d) Subordinated Debts # Represents unclaimed deposits and interest accrued thereon	25,216.16	49.32
(3)	<b>Assets Side:</b>		
	Break-up of Loans and Advances (including bills receivables) (Other than those included in (4) below):		Amount outstanding
	(a) Secured		-
(b) Unsecured		341.44	
(4)	<b>Break-up of Leased Assets and Stock on Hire and Other assets counting towards AFC activities:</b>		
	(1) Lease Assets including lease rentals under Sundry Debtors		
	(a) Financial Lease		-
	(b) Operational Lease		-
	(2) Assets on Hire including Hire charges under Sundry Debtors		
	(a) Stock on Hire		1,12,451.69
	(b) Impressed Assets		208.33
	(3) Other Loans counting towards AFC activities		
(a) Loans where assets have been repossessed		-	
(b) Loans other than (a) above		-	

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

(₹ Lakhs)

As at 31st March 2021

(5)	Break-up of Investments:			
	Current Investments:			
	1. Quoted			
	(i) Shares: (a) Equity			-
	(b) Preference			-
	(ii) Debentures and Bonds			-
	(iii) Units of Mutual Funds			-
	(iv) Government Securities			-
	(v) Others			-
	2. Unquoted			
	(i) Shares: (a) Equity			-
	(b) Preference			-
	(ii) Debentures and Bonds			-
	(iii) Units of Mutual Funds			-
	(iv) Government Securities			-
	(v) Others			-
	Long Term Investments:			
	1. Current			
	(i) Shares: (a) Equity			51.30
	(b) Preference			-
	(ii) Debentures and Bonds			-
	(iii) Units of Mutual Funds			-
	(iv) Government Securities			1,577.61
	(v) Others			-
	2. Unquoted:			
	(i) Shares: (a) Equity			38.37
	(b) Preference			-
	(ii) Debentures and Bonds			-
	(iii) Units of Mutual Funds			-
	(iv) Government Securities			-
	(v) Others			-
(6)	Borrower group-wise classification of assets financed as in 3 and 4 above			
		31st March 2021 (Amount net of provisions)		
	Category	Secured	Unsecured	Total
	1. Related parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	-	-
	(c) Other related parties	140.34	94.17	234.51
	2. Other than related parties	1,08,872.15	327.27	1,09,199.42
	Total	1,09,012.29	341.44	1,09,353.73

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

(₹ Lakhs)

(7)	Investor group-wise classification of all Investments (Current and non-Current Long term) in shares and securities (both quoted and unquoted)	Category	Market value / Break up or Fair value or NAV	Book value (Not of provisions)
			31st March 2021	31st March 2021
	1. Related parties			
	(a) Subsidiaries		-	-
	(b) Companies in the same group	87.66	87.63	
	(c) Other related parties	-	-	
	2. Other than related parties	2,580.00	2,580.66	
	Total	2,655.66	2,668.29	
(8)	Other information			Amount
	Particulars			
	(i) Gross Non Performing Assets			5,594.01
	(a) Related parties			-
	(b) Other than Related parties			5,594.01
	(ii) Net Non Performing Assets			-
	(a) Related parties			-
	(b) Other than Related parties			2,522.83
	(iii) Assets secured in satisfaction of debt			-

**47.2 Balance Sheet disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit-taking Company and Deposit - Taking Company (Reserve Bank) Directions 2016**

Sl No	Particulars	31st March 2021	31st March 2020
1	Capital to Risk (Weighted) Assets Ratio		
	CRAR (%)	22.52	21.91
	CRAR - Tier I Capital (%)	13.05	12.88
	CRAR - Tier II Capital (%)	9.47	9.03
	Amount of Sub-Ordinated debt considered as Tier-II capital	16,202.20	14,496.80
	Amount raised by issue of Perpetual Debt Instruments	-	-
2	Investments		
	Value of Investments		
	Gross Value of Investments		
	In India	2,668.34	2,659.56
	Outside India	-	-
	Provisions for Diminution in value of investments		
	In India	0.06	0.06
	Outside India	-	-
	Net Value of Investments		
	In India	2,668.28	2,659.80
	Outside India	-	-
	Movement of provisions held towards diminution in value of Investments		
	Opening balance	0.06	0.06
	Add: Provisions made during the year	-	-
	Less: Write-off / write-back of excess provisions during the year	-	-
	Closing balance	0.06	0.06

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

(₹ Lakhs)

3	Derivatives									
	Forward Rate Agreement / Interest Rate Swap									
	Exchange Traded Interest Rate (IR) Derivatives									
	Disclosures on Risk Exposure in Derivatives Qualitative Disclosure:									
	The Company has no derivatives transactions									
4	Disclosures relating to Securitisation									
	SPV and Minimum Retention Requirements									
	Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction									
	Details of Assignment transactions undertaken by NBFCs									
	Details of non performing financial assets purchased / sold									
	Details of non performing financial assets purchased									
	Details of Non-performing Financial Assets sold:									
5	Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as on 31st March 2021									
Sl No	Particulars	Up to 30/31 days	Over 1 Month upto 2 Months	Over 2 Months upto 3 Months	Over 3 Months upto 6 Months	Over 6 Months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
(i)	Deposits	634.78	473.57	279.66	5,902.85	3,816.15	8,325.93	-	-	17,435.40
(ii)	Advances	4,243.23	4,341.99	4,273.17	17,404.18	72,540.65	54,995.22	1,098.34	177.30	109,353.73
(iii)	Investments	-	-	-	-	200.54	1,072.17	513.44	761.15	2,668.26
(iv)	Borrowings	1,462.60	2,937.57	976.83	2,159.04	14,067.71	53,921.93	23,528.31	-	85,750.27
(v)	Foreign Currency Assets	-	-	-	-	-	-	-	-	-
(vi)	Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-
	Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as on 31st March 2020									
Sl No	Particulars	Up to 30/31 days	Over 1 Month upto 2 Months	Over 2 Months upto 3 Months	Over 3 Months upto 6 Months	Over 6 Months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
(i)	Deposits	926.73	561.87	437.84	2,964.94	4,765.13	9,990.53	-	-	19,645.04
(ii)	Advances	1,596.17	4,844.33	4,690.55	14,421.82	73,867.52	46,879.67	5,601.33	54.76	1,07,046.18
(iii)	Investments	-	-	-	-	-	522.87	1,058.25	78.73	2,659.60
(iv)	Borrowings	1,337.32	14,571.98	523.96	1,744.47	19,000.11	14,368.79	21,538.33	1,78.11	82,241.15
(v)	Foreign Currency Assets	-	-	-	-	-	-	-	-	-
(vi)	Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

(₹ Lacs)

Sl No	Particulars	31st March 2021	31st March 2020															
<b>6</b>	<b>Exposures</b>																	
(i)	Exposure to Real Estate Sector	-	-															
(ii)	Exposure to Capital Market																	
a	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	<b>90.73</b>	<b>78.79</b>															
b	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds	-	-															
c	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	-	-															
d	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances	-	-															
e	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers.	-	-															
f	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources.	-	-															
g	Bridge loans to companies against expected equity flows / issues	-	-															
h	All exposures to Venture Capital Funds (both registered and unregistered)	-	-															
	<b>Total Exposure to Capital Market</b>	<b>90.73</b>	<b>78.79</b>															
(iii)	Details of financing of parent company products	<b>Nil</b>	<b>Nil</b>															
(iv)	Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the NBFC	<b>Nil</b>	<b>Nil</b>															
(v)	Unsecured Advances	<b>341.44</b>	<b>1,674.20</b>															
<b>7</b>	<b>Miscellaneous</b>																	
(i)	Registration obtained from other financial sector regulators	<b>NA</b>	<b>NA</b>															
(ii)	Disclosure of Penalties imposed by RBI and other regulators	-	-															
(iii)	Related Party Transactions Ref. Note 41																	
(iv)	Ratings assigned by credit rating agencies and migration of ratings during the year																	
	<table border="1"> <thead> <tr> <th>Sl No.</th> <th>Particulars</th> <th>ICRA Ltd</th> </tr> </thead> <tbody> <tr> <td>(i)</td> <td>Deposits</td> <td>(ICRA) MA-Stable</td> </tr> <tr> <td>(ii)</td> <td>Debentures</td> <td>(ICRA) BBB Stable</td> </tr> <tr> <td>(iii)</td> <td>Long Term Borrowings</td> <td>(ICRA) BBB Stable</td> </tr> <tr> <td>(iv)</td> <td>Short-Term Borrowings</td> <td>(ICRA) A1</td> </tr> </tbody> </table>	Sl No.	Particulars	ICRA Ltd	(i)	Deposits	(ICRA) MA-Stable	(ii)	Debentures	(ICRA) BBB Stable	(iii)	Long Term Borrowings	(ICRA) BBB Stable	(iv)	Short-Term Borrowings	(ICRA) A1		
Sl No.	Particulars	ICRA Ltd																
(i)	Deposits	(ICRA) MA-Stable																
(ii)	Debentures	(ICRA) BBB Stable																
(iii)	Long Term Borrowings	(ICRA) BBB Stable																
(iv)	Short-Term Borrowings	(ICRA) A1																
(v)	Migration of ratings during the year : Nil.																	
	Remuneration of Directors																	
	Ref. Page No. 29 of Corporate Governance Report 2021.																	

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

(₹ Lakhs)

Sl No	Particulars	31st March 2021	31st March 2020
(vi)	Management Ref. Management and Discussion and Analysis Report on Page No. 22		
(vii)	Net Profit or Loss for the period, prior period items and changes in accounting policies	Nil	Nil
<b>B</b>	<b>Other Disclosures</b>		
(i)	Provisions and Contingencies Break up of Provisions and Contingencies shown under the head Expenditure in Statement of Profit and Loss		
a	Provisions for diminution in value of Investment	3.46	2.80
b	Provision towards NPA	641.18	545.14
c	Provision for Standard Assets	-	-
d	Provision made towards Income Tax	331.65	285.09
e	Other Provisions and Contingencies (with details)	(23.69)	11.21
(ii)	Draw down from reserves		-
(iii)	Concentration of Deposits, Advances, Exposures and NPAs		
a	Concentration of Deposits: Total Deposits of twenty largest depositors	553.10	526.56
	Percentage of Deposits of twenty largest depositors to Total Deposits	3.38%	3.17%
b	Concentration of Advances: Total Advances to twenty largest borrowers	1613.13	1,649.78
	Percentage of Advances to twenty largest borrowers to Total Advances	1.43%	1.13%
c	Concentration of Exposures: Total Exposure to twenty largest borrowers / customers	1052.09	1,147.62
	Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFL to borrowers / customers	0.93%	1.06%
d	Concentration of NPAs: Total Exposure to top four NPA accounts	72.28	50.94
e	Sector-wise NPAs	<b>% NPAs to Total Advances in that sector</b>	
(i)	Agriculture & allied activities	3.64%	4.50%
(ii)	MSME – Engineering	-	-
(iii)	Corporate borrowers – Textiles	-	-
(iv)	Services – Others	0.92%	3.81%
(v)	Unsecured personal loans	-	-
(vi)	Auto loans – Transport	6.40%	4.85%

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

		(₹ Lakhs)	
Sl No	Particulars	31st March 2021	31st March 2020
7	Movement of NPAs		
(i)	Net NPAs to Net Advances (%)	2.30%	2.31%
(ii)	Movement of NPAs (Gross)		
	Opening balance	4,983.03	4,803.09
	Additions during the year	2,508.70	2,295.14
	Reductions during the year	1,897.72	2,115.20
	Closing balance	5,594.01	4,983.03
(iii)	Movement of Net NPAs		
	Opening balance	2,439.42	2,156.85
	Additions during the year	1,682.19	1,384.42
	Reductions during the year	1,598.78	1,681.88
	Closing balance	2,522.83	2,439.42
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	Opening balance	2,543.61	2,066.21
	Provisions made during the year	826.51	910.72
	Write-off / write-back of excess provisions	298.94	433.32
	Closing balance	3,071.18	2,543.61
(v)	Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)	Nil	Nil
(vi)	DII-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)	Nil	Nil
9	<b>Disclosure of Complaints</b>		
a	No. of complaints pending at the beginning of the year	-	-
b	No. of complaints received during the year	-	1
c	No. of complaints redressed during the year	-	1
d	No. of complaints pending at the end of the year	-	-

47.3 Disclosures as required under guidelines on liquidity risk management framework for NBFCs issued by RBI by notification no. RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated 4th November 2019.

Public disclosure on Liquidity Risk:

i. Funding concentration based on significant counterparty (both deposits and Borrowings) as at 31st March 2021

Sl No	Type of Instruments	No. of Significant counter parties	Amount (₹ Lakhs)	% of total deposits	% of Total liabilities
1	Borrowings	6	20,600.00	126.01	19.65

ii. Top 20 Large Deposits (amount ₹ in Lakhs) and % of Total Deposits

Sl No	Descriptions	Amount (₹ Lakhs)	% of total deposits
-	Total for Top 20 Large Deposits	553.10	3.38%

iii. Top 10 Borrowings (amount ₹ in Lakhs) and % of Total Borrowings

Sl No	Descriptions	Amount (₹ Lakhs)	% of total Borrowings
1	Total for Top 10 Borrowings	23,041.00	23.47%



**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

**iv. Funding concentration based on significant instrument / products**

(₹ Lakhs)

Sl No	Name of the Instrument / Products	Amount (₹ Lakhs)	% of total Liabilities
1	Sub Ordinate Debts*	34,736.72	30.27%
2	Fixed Deposits	17,435.40	16.63%
3	Non-Convertible Debentures - Public Issue	17,157.21	16.37%
4	Non-Convertible Debentures - Private placement	11,957.83	11.40%
5	Preference Shares	1,842.25	1.76%
	<b>Total</b>	<b>80,126.41</b>	<b>76.43%</b>

\* Includes Non-Convertible Debentures - Public Issue, Unsecured

**v. Stock Ratios:**

**a. Commercial Papers as a % of Total Public Funds, Total Liabilities and Total Assets**

Sl No	Name of the Instrument / Products	Amount (₹ Lakhs)	% of total deposits
1	Commercial Paper Outstanding	-	-
2	% to Total Public Funds	-	-
3	% to Total Liabilities	-	-
4	% to Total Public Assets	-	-

**b. Non-Convertible Debentures (on maturities of less than 1 year) as a percentage of Total Public Funds, total Liabilities and Total Assets**

Sl No	Name of the Instrument / Products	Amount
1	Non-Convertible Debentures (on maturities of less than 1 year)	-
2	% to Total Public Funds	-
3	% to Total Liabilities	-
4	% to Total Assets	-

**c. Other Short term Liabilities, if any as a percentage of Total Public Funds, Total Liabilities and Total Assets**

Sl No	Name of the Instrument / Products	Amount
1	Other Short term Liabilities	14,565.05
2	% to Total Public Funds	-
3	% to Total Liabilities	13.86%
4	% to Total Assets	11.74%

**vi. Institutional set-up of liquidity risk management**

The Board of Directors of the Company have an overall responsibility for the management of all types of risks, including liquidity risk, to which the Company is exposed in the normal course of its business. Further, the Board of Directors have constituted a Risk Management Committee ("RMC"), as mandated by RBI, for the effective supervision, evaluation, monitoring and review of various aspects and types of risks, including liquidity risk, faced by the Company. The meetings of RMC are presently held as may be necessary. Moreover, the Board of Directors have also constituted an Asset Liability Committee ("ALCO"), for the management of the Company's short and long-term funding and meeting liquidity requirements. The Company manages liquidity risk by maintaining adequate reserves and surplus, accessing undrawn bank facilities and obtaining funding from various other sources, as may be feasible. ALCO provides guidance and direction in terms of interest rate, liquidity, funding sources etc. ALCO meetings are held as may be required. The minutes of ALCO meetings are placed before the Board of Directors at their next meeting for their perusal / approval / ratification.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

Definition of terms as used in the table above:

a) Significant counter party:

A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC's total liabilities.

b) Significant instrument/product:

A "Significant instrument/product" is defined as a single instrument/product or group of similar instruments/products which in aggregate amount to more than 1% of the NBFC's total liabilities.

c) Total liabilities:

Total liabilities include all external liabilities (other than equity).

d) Public funds:

"Public funds" includes funds raised either directly or indirectly through public deposits, inter-corporate deposits, bank finance and all funds received from outside sources such as funds raised by issue of commercial papers, debentures etc. but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 5 years from the date of issue. It includes total borrowings outstanding under all types of instruments/products.

e) Other short-term liabilities:

All short-term borrowings other than CPs and NCDs with original maturity less than 12 months

**Disclosure on Liquidity Coverage Ratio ("LCR")**

As part of the Liquidity Risk Management Framework for NBFCs, RBI has mandated maintenance of Liquidity Coverage Ratio ("LCR") effective 1st December, 2020. The Company is required to maintain adequate unencumbered High Quality Liquid Asset ("HQLA") to meet its liquidity needs for a 30 calendar-day time horizon under a significantly severe liquidity stress scenario. The objective of the LCR is to promote the short-term resilience of the liquidity risk profile. The LCR requirement is binding on the Company from December 1, 2020 with the minimum HQLAs to be held being 50% of the LCR, progressively reaching up to the required level of 100% by December 1, 2024.

The LCR is calculated by dividing the company's stock of HQLA by its total net cash outflows over a 30-day stress period. High Quality Liquid Assets ("HQLA") means liquid assets that can be readily sold or immediately converted into cash at little or no loss of value or used as collateral to obtain funds in a range of stress scenarios.

Major source of borrowings for the Company are Non-Convertible Debentures, Term loans from Banks, and Public deposits. Details of funding concentration from Significant counter party are given in Note 47 (3)

**NOTES TO THE ACCOUNTS (Contd.....)**

Sl. No.	Particulars	Apr - Jun 2020		Jul - Sep 2020		Oct - Dec 2020		Jan - Mar 2021	
		Unweighted Value (Average)	Weighted Value (Average)	Unweighted Value (Average)	Weighted Value (Average)	Unweighted Value (Average)	Weighted Value (Average)	Unweighted Value (Average)	Weighted Value (Average)
<b>High Quality Liquid Assets</b>									
1	Total High Quality Liquid Assets (HQLA)	-	5,054.71	-	5,133.61	-	5,009.53	-	5,354.38
<b>Cash Outflows:</b>									
2	Deposits (for deposit taking companies)	905.48	1,041.32	1,537.67	1,768.32	1,607.84	1,849.02	1,153.12	1,326.09
3	Unsettled wholesale funding	176.22	202.64	110.36	126.92	52.49	60.58	46.53	53.51
4	Secured funding	4,287.06	4,950.05	764.66	879.36	1,023.22	1,176.70	900.10	1,035.12
5	Additional requirements, of which	-	-	-	-	-	-	-	-
(i)	Outflows related to derivative exposure and other collateral requirements	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	1,315.91	2,088.30	1,117.64	1,515.27	653.05	751.01	687.14	710.21
6	Other contractual funding obligations	-	-	-	-	-	-	-	-
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	<b>TOTAL CASH OUTFLOWS</b>	<b>7,184.60</b>	<b>8,762.30</b>	<b>3,710.52</b>	<b>4,209.06</b>	<b>3,336.60</b>	<b>3,837.09</b>	<b>2,786.89</b>	<b>3,204.93</b>
<b>Cash Inflows:</b>									
9	Secured Lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	5,067.17	3,800.38	5,299.68	3,874.78	4,814.06	3,600.54	5,053.71	3,789.91
11	Other cash inflows	-	-	-	-	-	-	-	-
12	<b>TOTAL CASH INFLOWS</b>	<b>5,067.17</b>	<b>3,800.38</b>	<b>5,299.68</b>	<b>3,874.78</b>	<b>4,814.06</b>	<b>3,610.54</b>	<b>5,053.71</b>	<b>3,789.91</b>
13	<b>TOTAL HQLA</b>	-	<b>3,354.71</b>	-	<b>3,133.61</b>	-	<b>3,009.53</b>	-	<b>3,354.38</b>
14	<b>TOTAL NET CASH OUTFLOWS</b>	-	<b>4,461.93</b>	-	<b>3,072.47</b>	-	<b>959.27</b>	-	<b>801.23</b>
15	<b>LIQUIDITY COVERAGE RATIO (%)</b>	-	<b>75.19%</b>	-	<b>292.19%</b>	-	<b>323.73%</b>	-	<b>418.65%</b>
<b>Components of HQLA</b>									
	- Cash on Hand	-	54.72	-	378.03	-	527.15	-	416.82
	- Securities with Janlis	-	1,245.59	-	701.18	-	621.96	-	883.17
	- Government Securities	-	2,054.40	-	405.470	-	2,054.40	-	2,054.40
	- Commercial Paper	-	-	-	-	-	-	-	-
	<b>TOTAL</b>	-	<b>3,354.71</b>	-	<b>3,133.61</b>	-	<b>3,009.53</b>	-	<b>3,354.38</b>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

**47.4 In terms of RBI Circular No. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 6, 2020 in relation to the a) Resolution Framework for COVID-19-related Stress, disclosure as follows:** (₹ Lakhs)

Type of Borrowers	Number of accounts where resolution plan has been implemented under this window	Exposure to such accounts before implementation of the plan (Amount in Lakhs)	Aggregate amount of debt that was converted into other securities	Additional funding sanctioned, if any including between invocation of the plan and implementation	Increase in provision on account of implementation of resolution plan (Amount in Lakhs)
Personal Loans	145	832.30	-	-	83.23
Corporate Loans	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
<b>Total</b>	<b>145</b>	<b>832.30</b>	<b>-</b>	<b>-</b>	<b>83.23</b>

**47.5 Disclosures as per RBI notification no. DOR.No.BP.BC.63/21.04.048/2019-20 dated 17th April 2020 - COVID-19 Regulatory Package - Asset Classification and Provisioning**

The details of loans, outstanding as on 31st March 2021 where moratorium benefit was extended: (₹ Lakhs)

(i)	Amount due in respect of overdue accounts, where moratorium was extended (as of February 29, 2020)	47,315.25
(ii)	Amount due on contracts where asset classification benefit was exercised as on 31st March 2021, out of NPA	Nil
(iii)	Provisions held against (ii) above	Nil
(iv)	Provisions adjusted against NPA provisions*	Nil

\* As the company maintains adequate ECL provisions, the Covid-19 Reserve created as on 31st March 2020 to the extent of ₹ 23.92 Lakhs, has been reversed and transferred to retained earnings.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

47.6 Disclosure as required under RBI notification no. RBI/2019-20/170 DOR (NBFC),CC.PD.No.109/21.10.106/2019-20 dated 13 March 2020 on Implementation of Indian Accounting Standards

A comparison between provisions required under extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) and impairment allowances made under Ind AS 109 for the year ended 31 March 2021

(₹ Lakhs)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) - (3)-(4)	(6)	(7) - (4)-(6)
Performing Assets Standard	Stage 1	97,136.73	230.73	97,006.00	388.55	(257.82)
	Stage 2	10,255.72	206.92	9,958.80	41.02	255.90
Sub-Total		1,07,392.45	437.65	1,06,954.80	429.57	(1.92)
Non Performing Assets (NPA)						
Substandard	Stage 3	2,784.48	556.70	1,927.78	335.43	771.27
Doubtful - up to 1 year	Stage 3	757.47	409.07	247.90	335.75	83.91
1 to 3 years	Stage 3	45.62	14.06	31.56	22.17	(3.11)
More than 3 years	Stage 3	14.69	6.75	4.94	15.17	(8.41)
Sub-total for doubtful assets		896.78	495.48	401.30	473.10	72.38
Loss	Stage 3	2,312.65	2,152.30	159.75	2,312.65	(159.75)
Sub-Total for NPA		5,594.01	3,205.08	2,388.93	3,071.18	133.90
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms						
Sub-Total						
Total	Stage 1	97,136.73	230.73	97,006.00	388.55	(257.81)
	Stage 2	10,255.72	206.92	9,958.80	41.02	255.90
	Stage 3	5,594.01	3,205.08	2,388.93	3,071.18	133.90
	Total	1,12,986.46	3,632.73	1,09,353.73	3,500.75	131.98

47.7 Disclosure as per RBI Notification RBI/2020-21/61 DOR.No.BP.BC.26/21.04.048/2020-21 - Scheme for grant of ex-gratia Payment

The Government of India, Ministry of Finance, vide its notification dt. 23rd October, 2020 had announced COVID-19 Relief Scheme, for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts, as per the eligibility criteria and other aspects specified therein and irrespective of whether RBI moratorium was availed or not. The ex-gratia amount of ₹ 237.75 Lakhs, had been credited to eligible borrowers. We lodged claim with State Bank of India on 15th December 2020 and received the claim on 31st March 2021.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**



**47.8 Disclosures as per RBI notification no. DOR.STR.REC.4/21.04.048/2021-22 - Interest on Interest during the moratorium period:**

In accordance with the RBI's instruction in their circular dated, April 7, 2021 all lending institutions shall refund/adjust the interest on interest charged to all the borrowers, during the moratorium period. In pursuance of the above instruction, the Indian Banks Association (IBA) through advisory dated April 19, 2021, prescribed the methodology of calculation of interest on interest. Accordingly, the company has estimated the amount and reversed the income account during the financial year 2020-21.

48. Ministry of Corporate Affairs (MCA) vide notification G.S.R. 207(E) dated 24th March 2021 have notified Amendments which are applicable from 1st April 2021, which require elaborate disclosures to various Financial Statement Line Items. The company will evaluate and make the disclosures from subsequent year.
49. There have been no events after the reporting date that require disclosure in these financial statements.
50. During the financial year 2020-21, no fraud was detected.
51. Previous year figures have been regrouped, reclassified and rearranged, wherever necessary, to conform to current year presentation.

As per our report attached  
For A.K.Nagorajan & Co.  
Chartered Accountants  
Firm Regn. No.: 0166765

  
**S.P. MUTHUSAMI**  
Partner  
Membership No. 274177  
Place : Coimbatore  
Date : 30th June 2021

  
**M. BALASUBRAMANIAM**  
Vice Chairman and Managing Director  
DIN: 00577053  
  
**S. VENKATESH**  
Company Secretary  
FCS 7022

For and on behalf of the Board

  
**M. MANICKAM**  
Chairman  
DIN: 00102733  
  
**S. VELUSWAMY**  
Director (Finance & Operations) & CFO  
DIN: 04124999

**ANNEXURE G : INPRINCIPAL APPROVAL LETTER FROM BSE LIMITED  
STARTS FROM BELOW PAGE**

DCS/COMP/RM/IP-PPDI/039/24-25

June 04, 2024

**SAKTHI FINANCE LIMITED**  
62, Dr. Nanjappa Road  
Post Box No. 3745  
Coimbatore - 641 018, Tamil Nadu

Dear Sir/Madam

**Re: Private Placement of General Information Document for Issue of Rated, Secured, Redeemable, Non-Convertible Debentures of Face Value of Rs. 1,00,000 each ("NCDs") on Private Placement Basis. In one or more KID (Gid Ref No: SFL - Gid 01/24-2025).**

We acknowledge receipt of your application on the online portal on May 30, 2024 seeking In-principle approval for issue of captioned security. In this regard, the Exchange is pleased to grant in-principle approval for listing of captioned security subject to fulfilling the following conditions at the time of seeking listing:

1. Filing of listing application.
2. Payment of fees as may be prescribed from time to time.
3. Compliance with SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and circulars issued thereunder and also Compliance with provisions of Companies Act 2013.
4. Receipt of Statutory & other approvals & compliance of guidelines issued by the statutory authorities including SEBI, RBI, DCA etc. as may be applicable.
5. Compliance with change in the guidelines, regulations, directions, circulars of the Exchange, SEBI or any other statutory authorities, documentary requirements from time to time.
6. Compliance with below mentioned circular dated June 10, 2020 issued by BSE before opening of the issue to the investors.:  
<https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20200610-31>
7. Issuers, for whom use of EBP is not mandatory, specific attention is drawn towards compliance with Chapter XV of SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and BSE Circular No 20210519-29 dated May 19, 2021. Accordingly, Issuers of privately placed debt securities in terms of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 or ILDM Regulations for whom accessing the electronic book platform (EBP) is not mandatory shall upload details of the issue with any one of the EBPs within one working day of such issuance. The details can be uploaded using the following links [Electronic Issuance - Bombay Stock Exchange Limited \(bseindia.com\)](#).




8. It is advised that Face Value of NCDs issue through private placement basis should be kept as per Chapter V of SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021

9. *Issuers are hereby advised to comply with signing of agreements with both the depositories as per Regulation 7 of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021.*

10. *Company is further requested to comply with SEBI Circular SEBI/HO/DDHS/DDHS-RACPOD1/CIR/P/2023/56 dated April 13, 2023, (if applicable) read along with BSE Circular <https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20230428-18> and ensure compliance of the same.*

This In-Principle Approval is valid for a period of 1 year from the date of issue of this letter or period of 1 year from the date of opening of the first offer of debt securities under the General information Document, whichever ever applicable. The Exchange reserves its right to withdraw its in-principle approval at any later stage if the information submitted to the Exchange is found to be incomplete/incorrect/misleading/false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and circulars issued thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Guidelines/Regulations issued by the statutory authorities etc. Further, it is subject to payment of all applicable charges levied by the Exchange for usage of any system, software or similar such facilities provided by BSE which the Company shall avail to process the application of securities for which approval is given vide this letter.

Yours faithfully,  
**For BSE Limited**



**Hardik Bhuta**  
Assitn. Gen. Manager



**Akshay Arolkar**  
Deputy Manager

**ANNEXURE H : DUE DILIGENCE – ANNEXURE B OF DEBENTURE TRUSTEE**

Will be attached in the relevant Key Information Document for the relevant issuance of Debentures

**STARTS FROM BELOW PAGE**

**DUE DILIGENCE CERTIFICATE AT THE TIME OF FILING OF LISTING APPLICATION BY THE ISSUER**

To,  
The Manager,  
**BSE Limited**  
Phiroze Jeejeebhoy Towers  
Dalal Street,  
Mumbai- 400001.  
Dear Sir / Madam,

**SUB: ISSUE OF RATED, SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF ₹ 1,00,000 EACH ("NCDS") FOR AN AMOUNT NOT EXCEEDING ₹ 5.45 CRORES BY WAY OF PRIVATE PLACEMENT BY SAKTHI FINANCE LIMITED.**

*[Note: Allotted 495 (Four Hundred) Rated, Secured, Redeemable, Non-Convertible Debentures, each having a face value of INR 1,00,000/- (Indian Rupees One Lakh Only) and an aggregate face value of RS. 495,00,000/- (Indian Rupees Four Crore Ninety Five Lakh Only)]*

We, the debenture trustee(s) to the above-mentioned forthcoming issue state as follows:

- 1) We have examined documents pertaining to the creation of charge over assets of Issuer .
- 2) On the basis of such examination and of the discussions with the Issuer, its directors and other officers, other agencies and on independent verification of the various relevant documents, WE CONFIRM that:
  - a) The Issuer has created charge over its assets in favour of debenture trustee as per terms of offer document or private placement memorandum/ information memorandum and debenture trustee agreement.
  - b) Issuer has executed the debenture trust deed as per terms of offer document or private placement memorandum/ information memorandum and debenture trustee agreement.
  - c) The Issuer has given an undertaking that charge shall be registered with Sub-registrar, Registrar of Companies, Central Registry of Securitization Asset Reconstruction and Security Interest (CERSAI), Depository etc., as applicable, within 30 days of creation of charge-

We have satisfied ourselves about the ability of the Issuer to service the debt securities.

**Place: Mumbai**

**Date: June 10, 2024**



**For Catalyst Trusteeship Limited**

For CATALYST TRUSTEESHIP LIMITED

*Kalyani Pandey*  
Authorized Signatory

**Kalyani Pandey**  
**Compliance Officer**

**CATALYST TRUSTEESHIP LIMITED**

Registered Office : GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune - 411 038 Tel : +91 (20) 6680 7200  
Delhi Office : 910-911, 9<sup>th</sup> Floor, Kailash Building, 26 Kasturba Gandhi Marg, New Delhi - 110 001 Tel : +91 (11) 4302 9101/02  
Corporate Office : 901, 9<sup>th</sup> Floor, Tower-B, Peninsula Business Park, Senapati Bapat Marg, Lower Parel (W), Mumbai - 400013  
Tel : +91 (22) 4922 0555 Fax : +91 (22) 4922 0505  
CIN No. U74999PN1997PLC110262 Email : dt@ctltrustee.com Website : www.catalysttrustee.com

An ISO: 9001 Company

Pune | Mumbai | Bengaluru | Delhi | Chennai | GIFT City | Kolkata | Hyderabad

